



Western Electricity Coordinating Council

Approved by: WECC Board of Directors

Date: June 20, 2018



155 North 400 West, Suite 200
Salt Lake City, Utah 84103-1114

Table of Contents

Introduction.....	4
Organizational Overview.....	4
Membership and Governance	5
2019 Key Assumptions	6
2019 Key Strategic Goals.....	7
2019 Overview of Cost Impacts	7
Personnel Analysis	9
2018 Statutory Budget and Projection and 2019 Budget Comparisons	10
Section A — Statutory Programs	12
Reliability Standards Program.....	12
Compliance Monitoring and Enforcement and Organization Registration and Certification Program...	16
Reliability Assessment and Performance Analysis Program	21
Training and Outreach Program	26
Situation Awareness and Infrastructure Security Program	29
Corporate Services	32
Technical Committees and Member Forums.....	33
General and Administrative	34
Legal and Regulatory.....	36
Information Technology.....	37
Human Resources	38
Finance and Accounting	40
Section B — Supplemental Financial Information	43
Reserve Analysis.....	43
Penalty Sanctions	45
Other Revenue	46
Personnel Expenses	48
Meeting Expenses	50
Office Rent	53
Office Costs	54
Professional Services.....	55
Miscellaneous Expenses	56

Other Non-Operating	57
Fixed Assets	58
Section C — Non-Statutory Program	60
Western Renewable Energy Generation Information System (WREGIS)	60
Personnel Analysis	63
Reserve Analysis	63
Section D – Additional Financial Information	65
2019 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory	65
Statement of Financial Position	66
Appendix A: Organizational Chart - Changes in Budgeted FTE by Program Area	67
Appendix B: 2019 Budget & Projected 2020 and 2021 Budgets	68
Key Assumptions	68
Appendix C: Adjustment to the Alberta Electric System Operator (AESO) Assessment	70
Appendix D: Statutory and Non-Statutory Budget History Charts	71

Introduction

TOTAL RESOURCES (in whole dollars)				
	2019 Budget	U.S.	Canada	Mexico
Statutory FTEs *	143.0			
Non-statutory FTEs	6.0			
Total FTEs	149.0			
Statutory Expenses	\$ 27,061,046			
Non-Statutory Expenses	\$ 1,781,510			
Total Expenses	\$ 28,842,556			
Statutory Incr(Decr) in Fixed Assets	\$ (110,480)			
Non-Statutory Incr(Decr) in Fixed Assets	\$ (6,065)			
Total Inc(Dec) in Fixed Assets	\$ (116,545)			
Statutory Working Capital Requirement **	\$ (536,380)			
Non-Statutory Working Capital Requirement ***	\$ 352,326			
Total Working Capital Requirement	\$ (184,054)			
Total Statutory Funding Requirement	\$ 26,414,186			
Total Non-Statutory Funding Requirement	\$ 2,127,771			
Total Funding Requirement	\$ 28,541,957			
Statutory Assessments	\$ 25,282,000	\$ 22,060,867	\$ 2,809,647	\$ 411,486
Non-Statutory Fees	\$ 2,127,771	\$ 2,021,382	\$ 106,389	\$ -
NEL ****	867,701,562	728,328,390	126,140,685	13,232,487
NEL%	100.00%	83.94%	14.54%	1.53%

*An FTE is defined as a full-time equivalent employee.

**Refer to the Statutory Reserve Analysis on page 43 in Section B.

***Refer to the Non-Statutory Reserve Analysis on page 63 in Section C.

****NEL is defined as Net Energy for Load.

Organizational Overview

The Western Electricity Coordinating Council (WECC) is a 501(c)(4) social welfare organization funded through Load-Serving Entity (LSE) assessments authorized by the Federal Energy Regulatory Commission (FERC) under Section 215 of the Federal Power Act. WECC's mission is to effectively and efficiently reduce risks to the reliability and security of the Western Interconnection's Bulk Power System (BPS). WECC operates under a delegation agreement with the North American Electric Reliability Corporation (NERC) and in accordance with its Bylaws. WECC executes its mission while working with a broad community consisting of industry stakeholders and two advisory bodies—the Member Advisory Committee (MAC) and the Western Interconnection Regional Advisory Body (WIRAB).

The Western Interconnection is a geographic area in which the use and generation of electricity is synchronized. This area includes all or part of 14 Western states in the United States, the Canadian provinces of British Columbia and Alberta, and a portion of Baja California Norte, Mexico.

WECC's value proposition is to enhance reliability and security through two measures:

1. Providing efficient and effective risk-based Compliance Monitoring and Enforcement of Reliability Standards through standards development, entity registration, compliance risk assessment, and audits and investigations; and
2. Informing the actions, practices, and decisions of industry participants, regulators, and policymakers through reliability assessments, performance analysis, situation awareness, event analysis, training, and outreach.

WECC's business philosophy is guided by three fundamental principles:

Independence – As a 501(c)(4) social welfare organization, WECC's goal is to serve the public interest. WECC represents what is best for reliability within the Western Interconnection with an impartial and unbiased voice.

Perspective – WECC is uniquely situated in a way that allows its subject matter experts to develop comprehensive and influential work products for the Western Interconnection.

Partnership – WECC is focused on assuring a reliable Bulk Electric System (BES) in the West by collaborating with others who have the same reliability-driven mission.

Membership and Governance

WECC has 373 members¹ divided into the following five Membership Classes:

1. Large Transmission Owners,
2. Small Transmission Owners,
3. Electric Line of Business Entities doing business in the Western Interconnection that do not own, control, or operate transmission or distribution lines in the Western Interconnection,
4. End Users and entities that represent the interests of end users, and
5. Representatives of State and Provincial Governments.

WECC membership is open to any person or entity that has an interest in the reliable operation of the Western Interconnection BPS. WECC membership is not a requirement for participation in the WECC Standards Development Process.²

¹ As of April 20, 2018.

² Non-WECC members may participate in standards drafting teams and Participating Stakeholders may vote on Regional Reliability Standards. A Participating Stakeholder is defined in Section 3.23 of the WECC Bylaws and the Participating Stakeholder Application Process is described in Section 8.7.4. WECC's Reliability Standards Voting Procedures are detailed in the Reliability Standards Development Procedures.

WECC is governed by a nine-member Independent Board of Directors (Board) elected by the WECC membership, and WECC's President and Chief Executive Officer. The nine Independent Directors are compensated by WECC for their time.

WECC has five governance committees that provide functional oversight of WECC operations:

1. Compliance Hearing Body (CHB),
2. Finance and Audit Committee (FAC),
3. Governance Committee (GC),
4. Human Resources and Compensation Committee (HRCC), and
5. Nominating Committee (NC).

Under the direction of the WECC Board, additional committees provide the Board with technical advice and policy recommendations:

- Joint Guidance Committee (JGC),
- Market Interface Committee (MIC),
- Member Advisory Committee (MAC),
- Operating Committee (OC),
- Reliability Assessment Committee (RAC), and
- WECC Standards Committee (WSC).

Pursuant to Section 215(j) of the Federal Power Act, FERC created WIRAB. WIRAB's purpose is to advise WECC, NERC, and FERC on the governance of WECC, and whether proposed Reliability Standards and the budget are just, reasonable, not unduly discriminatory or preferential, and in the public interest.

WECC and FERC may ask that WIRAB give advice on other topics. Members are appointed by the Governors/Premiers from Alberta, Arizona, British Columbia, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, South Dakota, Utah, Texas, Washington, Wyoming, and Mexico. WECC's budget does not include any costs related to WIRAB operations.

2019 Key Assumptions

The Board recognizes that the electric industry is undergoing profound changes nationally and in the West, and that other institutions are involved in furthering the understanding of these changes. While WECC will not duplicate the efforts of other qualified entities, the Board believes WECC should proactively address issues where the impact to the Western Interconnection's reliability are less understood or where WECC and its committees are positioned to make a significant contribution to Western BPS reliability and security.

Therefore, in addition to supporting the Electric Reliability Organization (ERO) Enterprise-driven programs and long-term strategy, the Board has established the following strategic priorities for WECC:

- Monitor progress as proposals are developed for structural changes in the West and be prepared to evaluate potential impacts on reliability.

- Assess the reliability implications of the ongoing evolution of load composition and resource mix in the Western Interconnection as well as fuel security, resource and transmission adequacy, and BPS stability.
- Identify key vulnerability issues and work with stakeholders to address them.
- Maximize sharing of operating and system data (within agreed parameters), and insights from Event Analysis including, to the extent possible, near-misses.
- Focus reliability assessment efforts on identifying the impacts and possible mitigation efforts surrounding a handful of future industry evolution scenarios or high-impact/low-probability events.

2019 Key Strategic Goals

NERC and the Regional Entities' business plans and budgets reflect the collaborative development of the ERO Enterprise Long-term Strategy and the ERO Enterprise Operating Plan. These documents are available on NERC's website: <http://www.nerc.com/AboutNERC/Pages/Strategic-Documents.aspx>. WECC supports both the long-term strategy and operating plan as well as deliverables specific to WECC that are discussed in WECC's 2018-2020 Operating Plan and described in each statutory program area in [Section A](#).

Working collaboratively, the ERO Enterprise has established six perennial goals, each of which is supported by key contributing activities of the combined ERO Enterprise, NERC, and WECC:

1. Risk-responsive Reliability Standards;
2. Objective, risk-informed compliance monitoring, mitigation, enforcement, and entity registration;
3. Reduction of known reliability risks;
4. Identification and assessment of emerging reliability risks;
5. Identification and reduction of cyber and physical security risks; and
6. Effective and efficient ERO Enterprise operations.

2019 Overview of Cost Impacts

WECC's proposed 2019 statutory budget is \$26.95 million, a \$147,000 (.54-percent) decrease from the 2018 statutory budget. The net decrease is mainly attributable to the completion of the Gas/Electric Interdependence Study, which is offset by a 3-percent merit pool and labor float assumption changes based on actual turnover and vacancy rates.

Full-time equivalents (FTE) represent the fractional allocation of a full-time position's cost to one or more functional areas. Headcount (HC) represents either vacant or filled positions. Major drivers of the change between the 2019 and 2018 statutory budgets are as follows:

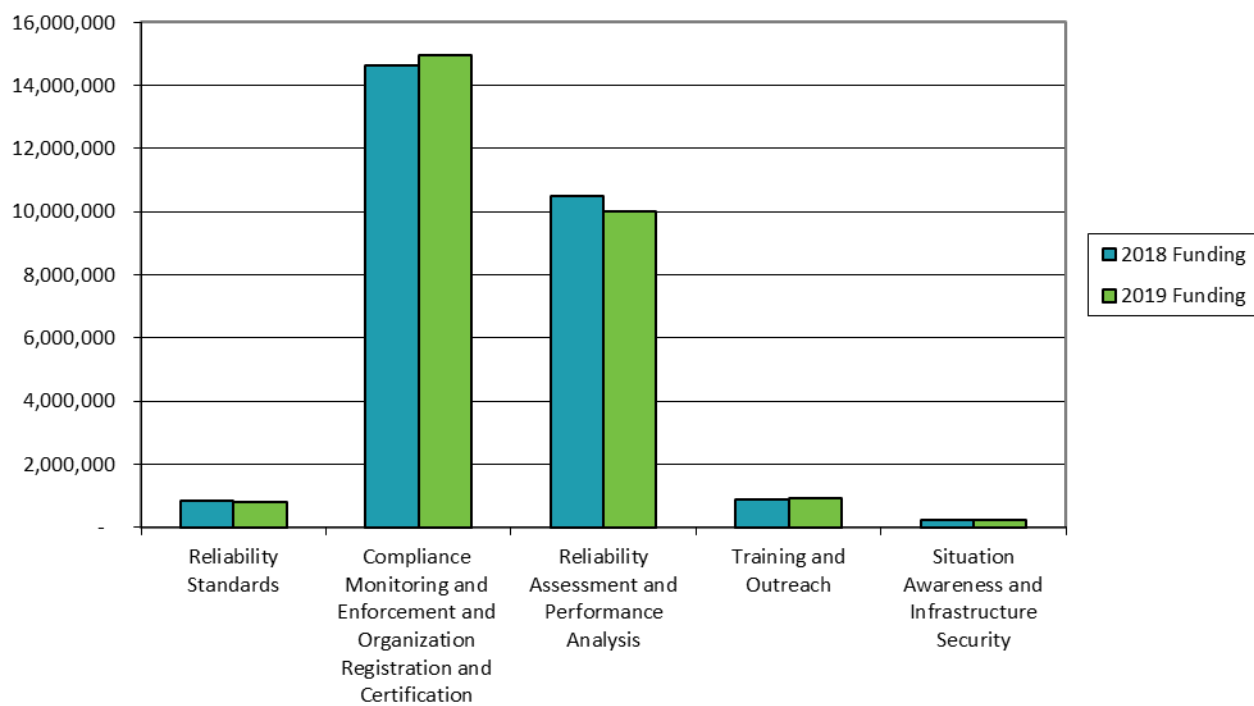
- Personnel Expenses increase by \$645,000 primarily due to a budgeted 3-percent merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

- Meetings decrease by \$115,000 primarily due to fine-tuned attendance estimates for outreach events.
- Consultants and Contracts decrease by a net of \$730,000 primarily due to the completion of the Gas/Electric Interdependence Study, decreased reliance on Compliance contract labor, and increased organizational and leadership development consulting.

The following table and graphs present a summary of funding requirements for WECC's primary statutory program areas:

Program	Budget 2018	Projection 2018	Budget 2019	2018 Budget v 2019	Variance %
Reliability Standards	\$ 858,296	\$ 767,540	\$ 807,516	\$ (50,780)	(5.9%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	14,643,677	15,508,951	14,966,474	322,797	2.2%
Reliability Assessment and Performance Analysis	10,476,295	10,242,366	10,022,744	(453,551)	(4.3%)
Training and Outreach	895,191	819,891	938,456	43,265	4.8%
Situation Awareness and Infrastructure Security	223,887	218,881	215,376	(8,511)	(3.8%)
Total By Program	\$ 27,097,346	\$ 27,557,629	\$ 26,950,566	\$ (146,780)	(0.5%)

Comparison of 2019 to 2018 Budgeted Funding Requirements



Personnel Analysis

In the 2019 budget, WECC is not adding any additional FTEs. WECC realigned some positions between Program Areas in its 2019 budget due to an internal reorganization in 2018. Through attrition, and due to efficiencies gained in Corporate Services, positions were redeployed to Program Areas where resources were needed most. Those shifts account for the balance of the changes in FTEs between 2019 and 2018. Details are discussed in the respective Program Area sections of the Business Plan and Budget.

	Budget 2018	Projection 2018	Direct FTEs 2019 Budget	Shared FTEs * 2019 Budget	Total FTEs 2019 Budget	Change from 2018 Budget
STATUTORY						
Operational Programs						
Reliability Standards	3.0	3.0	3.0	0.0	3.0	-
Compliance Monitoring and Enforcement and Organization Registration and Certification	59.0	59.5	60.0	0.0	60.0	1.0
Reliability Assessment and Performance Analysis	38.0	34.4	39.0	0.0	39.0	1.0
Training and Outreach	1.3	2.1	2.0	0.0	2.0	0.7
Situation Awareness and Infrastructure Security	1.0	1.0	1.0	0.0	1.0	-
Total FTEs Operational Programs	102.3	100.0	105.0	0.0	105.0	2.7
Corporate Services						
Technical Committees and Member Forums	0.0	0.0	0.0	0.0	0.0	-
General & Administrative	16.75	16.7	17.05	0.0	17.05	0.30
Legal and Regulatory	7.0	6.0	6.0	0.0	6.0	(1.0)
Information Technology	8.7	9.0	8.7	0.0	8.7	-
Human Resources	4.0	2.9	3.0	0.0	3.0	(1.0)
Finance and Accounting	4.25	2.8	3.25	0.0	3.25	(1.0)
Total FTEs Corporate Services	40.7	37.4	38.0	0.0	38.0	(2.7)
Total FTEs	143.0	137.4	143.0	0.0	143.0	-

2018 Statutory Budget and Projection and 2019 Budget Comparisons

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2018 Budget & Projection, and 2019 Budget					
STATUTORY					
	2018 Budget	2018 Projection	Variance 2018 Budget v 2018 Projection Over(Under)	2019 Budget	Variance 2019 Budget v 2018 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 25,282,000	\$ 25,282,000	\$ -	\$ 25,282,000	\$ -
Penalty Sanctions	2,100,000	2,100,000	-	587,686	(1,512,314)
Total Statutory Funding	\$ 27,382,000	\$ 27,382,000	\$ -	\$ 25,869,686	\$ (1,512,314)
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	540,050	373,062	(166,988)	424,500	(115,550)
Interest	75,000	267,193	192,193	120,000	45,000
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 27,997,050	\$ 28,022,255	\$ 25,205	\$ 26,414,186	\$ (1,582,864)
Expenses					
Personnel Expenses					
Salaries	\$ 15,199,335	\$ 15,673,476	\$ 474,141	\$ 15,865,018	\$ 665,683
Payroll Taxes	1,089,355	995,682	(93,673)	1,037,393	(51,962)
Benefits	2,293,855	2,341,496	47,641	2,302,710	8,855
Retirement Costs	1,288,724	1,361,942	73,218	1,311,110	22,386
Total Personnel Expenses	\$ 19,871,269	\$ 20,372,596	\$ 501,327	\$ 20,516,231	\$ 644,962
Meeting Expenses					
Meetings	\$ 755,785	\$ 538,890	\$ (216,895)	\$ 640,953	\$ (114,832)
Travel	1,401,209	1,414,550	13,341	1,408,868	7,659
Conference Calls	75,000	53,527	(21,473)	57,600	(17,400)
Total Meeting Expenses	\$ 2,231,994	\$ 2,006,967	\$ (225,027)	\$ 2,107,421	\$ (124,573)
Operating Expenses					
Consultants & Contracts	\$ 2,023,281	\$ 2,272,513	\$ 249,232	\$ 1,292,890	\$ (730,391)
Office Rent	944,461	962,884	18,423	972,909	28,448
Office Costs	1,598,628	1,478,014	(120,614)	1,557,679	(40,949)
Professional Services	903,710	921,367	17,657	908,280	4,570
Miscellaneous	-	-	-	-	-
Depreciation	217,816	231,834	14,018	238,545	20,729
Total Operating Expenses	\$ 5,687,896	\$ 5,866,612	\$ 178,716	\$ 4,970,303	\$ (717,593)
Total Direct Expenses	\$ 27,791,159	\$ 28,246,175	\$ 455,016	\$ 27,593,955	\$ (197,204)
Indirect Expenses	\$ (545,300)	\$ (526,294)	\$ 19,006	\$ (532,909)	\$ 12,391
Other Non-Operating Expenses	\$ -	\$ 45,000	\$ 45,000	\$ -	\$ -
Total Expenses (B)	\$ 27,245,859	\$ 27,764,881	\$ 519,022	\$ 27,061,046	\$ (184,813)
Change in Assets	\$ 751,191	\$ 257,374	\$ (493,817)	\$ (646,860)	\$ (1,398,051)
Fixed Assets					
Depreciation	\$ (217,816)	\$ (231,834)	\$ (14,018.00)	\$ (238,545)	\$ (20,729)
Computer & Software CapEx	50,000	50,000	-	5,000	(45,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	12,000	12,000	-	105,000	93,000
Leasehold Improvements	-	-	-	12,000	12,000
Allocation of Fixed Assets	7,301	7,582	281	6,065	(1,236)
Incr(Dec) in Fixed Assets (C)	\$ (148,515)	\$ (162,252)	\$ (13,737)	\$ (110,480)	\$ 38,035
TOTAL BUDGET (B+C)	\$ 27,097,344	\$ 27,602,629	\$ 505,285	\$ 26,950,566	\$ (146,778)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 899,706	\$ 419,626	\$ (480,080)	\$ (536,380)	\$ (1,436,086)
FTEs	143.0	137.4	(5.6)	143.0	-
HC	143.0	143.0	-	143.0	-

Section A

Statutory Programs

2019 Business Plan and Budget

Section A — Statutory Programs

Reliability Standards Program

Reliability Standards Program (in whole dollars)			
	2018 Budget	2019 Budget	Increase (Decrease)
Total FTEs	3.0	3.0	-
Direct Expenses	\$ 589,296	\$ 544,095	\$ (45,201)
Indirect Expenses	\$ 272,650	\$ 266,454	\$ (6,196)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (3,650)	\$ (3,033)	\$ 617
Total Funding Requirement	\$ 858,296	\$ 807,516	\$ (50,780)

Program Scope and Functional Description

The WECC Reliability Standards Program supports the NERC Reliability Standards Program as well as facilitates the development of WECC Regional Reliability Standards (RRS), WECC Regional Variances to NERC Reliability Standards, and WECC Regional Criteria.

The WECC Reliability Standards Program also conducts a five-year review of each current WECC RRS, WECC Regional Variance to NERC Reliability Standards, and WECC Regional Criteria. These reviews can result in revisions to the reviewed document, a finding that no changes are necessary, or the retirement of the document if it is determined that the document is no longer needed for reliability.

WECC supports the development of Regional Variances to NERC Reliability Standards when it is necessary to address Western Interconnection reliability issues. The variances are necessitated by a physical difference in the BPS or in instances in which Western stakeholders desire more stringent performance. WECC will only develop an RRS (rather than a variance) when a NERC Reliability Standard addressing a reliability issue does not exist.

Regional Criteria may be necessary to implement, augment or comply with NERC Reliability Standards, but they are not Reliability Standards themselves and are not enforceable. Regional Criteria may include acceptable operating or planning parameters, guides or other documents used to enhance BPS reliability.

2019 Key Assumptions

- WECC expects the number of RRS projects to remain low, with the majority focusing on potential retirement of existing RRSs, due to the subject matter now being included in NERC Continent-wide Standards. It is possible, but not likely, that regulatory directives could result in RRS projects. For 2019, it may be necessary to develop either new WECC RRSs or WECC Regional Variances to NERC Reliability Standards to address potential reliability concerns

resulting from the addition of multiple new Reliability Coordinators (RC) in the Western Interconnection.

- WECC will conduct periodic reviews of existing RRSs and Regional Criteria to improve their content and quality.
- WECC will evaluate information obtained from audit and enforcement experiences as well as information learned through events analysis to determine whether any new RRSs or revisions to existing RRSs are necessary.
- WECC expects that much of the work required to develop Regional Reliability Standards, Regional Variances to NERC Reliability Standards, and Regional Criteria will continue to be performed by voluntary stakeholder participation.
- WECC will continue to rely on stakeholder volunteers to staff most NERC Standards drafting teams. WECC staff may, at times, participate as drafting team members or observers.
- WECC Standards staff will take an active role in the communication of NERC Standards drafting teams' activities to the Western stakeholders.
- WECC will continue to review existing WECC RRSs to determine whether any are candidates for incorporation as a Regional Variance to a NERC Continent-wide Reliability Standard and, if so, coordinate with NERC to address the incorporation during NERC's next enhanced periodic review of the NERC Reliability Standard(s).
- Integration of renewable resources and related energy storage devices may require new or modified NERC Reliability Standards or WECC RRSs. WECC supports the concept and will participate, when appropriate, in the enhanced periodic reviews of NERC Reliability Standards.
- Inverter-based resource growth may result in the need for a new WECC RRS or a WECC Regional Variance to NERC Reliability Standards.
- WECC expects that the effort necessary to complete these assumptions can be achieved by existing resources.

2019 Goals and Key Deliverables

- Ensure the Western Interconnection perspective is represented in NERC Continent-wide Reliability Standards or, if necessary, through the development of Regional Variances or RRSs if a NERC Continent-wide Standard addressing a Western Interconnection reliability issue does not exist.
- Ensure that the RRSs and Regional Criteria developed using the WECC Reliability Standards Development Procedures meet the needs of the Western stakeholders.
- Ensure that development of RRSs and Regional Criteria is in accordance with the most recent WECC Reliability Standards Development Procedures.
- Ensure that WECC members and stakeholders are informed and engaged in NERC Standards development efforts.
- Coordinate with NERC's enhanced periodic review process to identify any WECC RRSs that are candidates for inclusion as an improvement to a NERC Reliability Standard or as a Regional Variance.

- Use feedback from WECC's audit and enforcement experience as well as information learned through events analysis for enhancements to WECC RRSs or WECC Regional Criteria.

Resource Requirements/Explanation of Significant Changes**Personnel Expenses**

- Personnel Expenses decrease by \$42,000 primarily due to the conversion of a senior engineering position to a staff level.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2018 and 2019 budgets.

Reliability Standards Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2018 Budget & Projection, and 2019 Budget					
RELIABILITY STANDARDS					
	2018 Budget	2018 Projection	Variance 2018 Budget v 2018 Projection Over(Under)	2019 Budget	Variance 2019 Budget v 2018 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 823,011	\$ 823,011	\$ -	\$ 771,224	\$ (51,787)
Penalty Sanctions	61,584	61,584	-	16,791	(44,793)
Total Statutory Funding	\$ 884,595	\$ 884,595	\$ -	\$ 788,015	\$ (96,580)
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	2,199	8,017	5,818	3,429	1,230
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 886,794	\$ 892,612	\$ 5,818	\$ 791,444	\$ (95,350)
Expenses					
Personnel Expenses					
Salaries	\$ 457,200	\$ 376,076	\$ (81,124)	\$ 423,024	\$ (34,176)
Payroll Taxes	30,434	24,132	(6,302)	26,828	(3,606)
Benefits	37,366	36,495	(871)	37,174	(192)
Retirement Costs	38,696	30,251	(8,445)	34,984	(3,712)
Total Personnel Expenses	\$ 563,696	\$ 466,954	\$ (96,742)	\$ 522,010	\$ (41,686)
Meeting Expenses					
Meetings	\$ 520	\$ 260	\$ (260)	\$ 260	\$ (260)
Travel	20,200	20,311	111	18,290	(1,910)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 20,720	\$ 20,571	\$ (149)	\$ 18,550	\$ (2,170)
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	4,880	3,909	(971)	3,535	(1,345)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 4,880	\$ 3,909	\$ (971)	\$ 3,535	\$ (1,345)
Total Direct Expenses	\$ 589,296	\$ 491,434	\$ (97,862)	\$ 544,095	\$ (45,201)
Indirect Expenses	\$ 272,650	\$ 280,142	\$ 7,492	\$ 266,454	\$ (6,196)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 861,946	\$ 771,576	\$ (90,370)	\$ 810,549	\$ (51,397)
Change in Assets	\$ 24,848	\$ 121,036	\$ 96,188	\$ (19,105)	\$ (43,953)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(3,650)	(4,036)	(386)	(3,033)	617
Incr(Dec) in Fixed Assets (C)	\$ (3,650)	\$ (4,036)	\$ (386)	\$ (3,033)	\$ 617
TOTAL BUDGET (B+C)	\$ 858,296	\$ 767,540	\$ (90,756)	\$ 807,516	\$ (50,780)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 28,498	\$ 125,072	\$ 96,574	\$ (16,072)	\$ (44,570)
FTEs	3.0	3.0	-	3.0	-
HC	3.0	3.0	-	3.0	-

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Compliance Monitoring and Enforcement and Organization Registration and Certification Program (in whole dollars)			
	2018 Budget	2019 Budget	Increase (Decrease)
Total FTEs	59.0	60.0	1.0
Direct Expenses	\$ 9,353,357	\$ 9,698,042	\$ 344,685
Indirect Expenses	\$ 5,362,114	\$ 5,329,085	\$ (33,029)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (71,794)	\$ (60,653)	\$ 11,141
Total Funding Requirement	\$ 14,643,677	\$ 14,966,474	\$ 322,797

Program Scope and Functional Description

WECC's Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area (CMEP) is implemented by WECC Registered Entity Oversight and Enforcement staff members who are independent of all users, owners, and operators of the BPS. All approved and effective mandatory Reliability Standards are monitored and enforced under the CMEP, including:

- Operations and Planning (O&P) Standards made mandatory pursuant to FERC Order 693,
- the Critical Infrastructure Protection (CIP) Standards under FERC Order 706, and
- various other FERC Orders approving standards since Orders 693 and 706.

To accomplish its objectives, staff is divided into six main areas: 1) Organization Registration, 2) O&P Audits and Investigations, 3) CIP Audits and Investigations, 4) Enforcement, 5) Risk Analysis, and 6) Program Administration.

WECC will continue to conduct its monitoring and enforcement activities in accordance with the Board-endorsed Regulatory Philosophy, the key tenets of which are: be an informed regulator, identify top risks to reliability, exercise discretion responsibly and enforce fairly. WECC Registered Entity Oversight staff monitors and enforces the FERC-approved NERC Reliability Standards across 373³ registered owners, operators, and users of the BPS through a variety of risk-based activities.

WECC compliance monitoring and enforcement staff will continue to dedicate, assess, and deploy required resources in support of the ERO Enterprise-level initiatives, which include the following activities:

- Regional Reliability Risk Assessments;
- Inherent Risk Assessments;
- Internal Controls Evaluations;

³ As of April 20, 2018.

- Organization Registration;
- Mitigation plan reviews, acceptance, approvals, and verification;
- Reviews of self-logged minimal risk issues;
- Processing and assessing self-certification requests and guided self-certification responses;
- Review and validation of periodic data submittals;
- Internal compliance program assessments;
- Activities specific to compliance audits, spot-checks, investigations and assessments of complaints;
- Creation of compliance oversight plans along with schedules to align monitoring activities based on potential risk;
- BES Exception request activities; and
- Enforcement activities in accordance with established risk-based approaches.

These are joint ERO Enterprise initiatives that benefit NERC, the Regional Entities, and the registered entities.

Compliance in Alberta, British Columbia, and Mexico

Alberta and British Columbia, Canada; and a portion of Baja California Norte, Mexico; are all part of the Western Interconnection and have adopted or are adopting mandatory Reliability Standards based on FERC-approved Standards. WECC has entered into agreements with the Alberta Market Surveillance Administrator (MSA), the British Columbia Utilities Commission (BCUC), and Mexico's Comisión Reguladora de Energía (CRE) under which WECC performs compliance monitoring activities to help assure reliability across international borders within the Western Interconnection.

2019 Key Assumptions

The Compliance Monitoring and Enforcement and Organization Registration and Certification Program Area incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions:

- WECC promotes a culture of compliance that addresses reliability risks by monitoring the FERC-approved NERC Reliability Standards for applicable entities through audits and/or spot-checks. WECC applies a risk-based approach that covers and ensures all audit, on-site/off-site and post-audit activities are completed in accordance with the NERC Rules of Procedure and the CMEP within the United States. With respect to non-U.S. jurisdictions, WECC monitors compliance in accordance with the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.
- WECC will develop and implement compliance oversight plans for registered entities focusing on relevant risks, including consideration of inherent risk assessments, entity performance history, and the effectiveness of internal controls.
- WECC will continue work in consultation with the international compliance enforcement authorities to determine which elements of the risk-based CMEP should be incorporated in the respective programs for international entities. Currently, WECC does not conduct Inherent Risk Assessments (IRA) or Internal Controls Evaluations (ICE) for international entities.

- WECC will allocate resources and provide continued support for the implementation of cybersecurity Reliability Standards for CIP v5 training, coordination, and facilitation of ERO Enterprise efforts and initiatives.
- Resource allocation will continue for activities associated with registration. WECC plans to participate in four NERC-led centralized review panel sessions as part of the application process for materiality tests of the risk-based registration process outlined in Appendix 5A of the NERC Rules of Procedure. WECC will continue to review, assess, validate, and submit registration recommendations to NERC for new registrations, partial deactivations, transfer of access and full deregistration changes impacting the NERC Compliance Registry (NCR).
- WECC will fully support ERO Enterprise efforts and activities to evaluate ERO business practices, consistency, implementation, and guidance within the risk-based CMEP. WECC will provide feedback to the ERO Enterprise regarding existing risks, with an emphasis on standard development, standard modification, audit and monitoring approaches, and potential gaps. WECC will work within the ERO Enterprise to develop application business requirements and allocate resources to test business functionality for application projects.
- WECC will use the results of the Regional Reliability Risk Assessment (RRA) to build areas of focus in the WECC CMEP Implementation Plan.
- WECC does not anticipate any hearings in 2019. To date, WECC has never had a hearing and; therefore, does not budget for them. Any costs related to a hearing that may occur will be funded through working capital reserves.
- One position is transferred from Finance and Accounting to realign resources based on business need and efficiencies gained in Finance and Accounting.

2019 Goals and Key Deliverables

- Process and complete organization registration request reviews, validations, and recommendations to NERC in accordance with risk-based registration activities and initiatives.
- Process all BES Exception submittals.
- Participate in ERO Enterprise working groups to ensure consistency in processing registration requests in accordance with the NERC Rules of Procedure outlined in Appendix 5b (Statement of Compliance Registry Criteria).
- Monitor and enforce compliance with mandatory standards in accordance with the WECC/NERC Delegation Agreement, including the Rules of Procedure and the CMEP within the U.S. With respect to non-U.S. jurisdictions, monitor compliance in accordance with the approved agreements and applicable compliance monitoring programs with Canadian and Mexican authorities.
- Complete 25 on-site audits and eight off-site audits of registered entities for 2019. Additional compliance audits and/or spot checks will be determined from risk-based analysis.
- Complete initial Inherent Risk Assessments by the end of 2019 for all entities registered after June 2016.
- Gather and review risk reports and operations information to update WECC's Regional RRA of the Western Interconnection.

- Work with registered entities within the WECC Region to promote a strong culture of compliance and reliability improvement.
- Represent the Western Interconnection on issues that will impact WECC regarding NERC and regional initiatives, for example: refining risk-based concepts in compliance monitoring and enforcement for the risk-based CMEP, streamlining enforcement processing, increasing consistency across the Regions and reviewing information-technology needs.
- Conduct outreach to the industry in various forums—webinars, conferences, and entity-specific engagements—in support of ERO Enterprise activities and priorities.
- Monitor and manage enforcement measures and metrics in support of the ERO Enterprise Strategic Plan, including caseload index, violation aging and mitigation plan aging; and collaborate with the ERO Enterprise to develop better measures of program effectiveness.
- Continue working with NERC and the other Regional Entities to shape and refine the ERO Enterprise enforcement philosophy that supports uniform, repeatable, transparent, and reliability-focused approaches.
- Conduct initial violation fact and circumstance reviews, and resolve enforcement actions in a timely manner using a reliability risk-based focus. Ensure enforcement discretion is consistent with NERC directives and FERC Orders, rules, and regulations.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$538,000 primarily due to one FTE transferred from Finance and Accounting, a budgeted 3-percent merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consultants and Contracts decrease by \$135,000 due to reduced reliance on Compliance contract labor and increased staff skill sets.
- Office Costs decrease by \$49,000 primarily due to renegotiated webCDMS fees.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2018 and 2019 budgets.

Compliance Monitoring and Enforcement and Organization Registration and Certification Program

Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2018 Budget & Projection, and 2019 Budget					
COMPLIANCE MONITORING AND ENFORCEMENT AND ORGANIZATION REGISTRATION AND CERTIFICATION					
	2018 Budget	2018 Projection	Variance 2018 Budget v 2018 Projection Over(Under)	2019 Budget	Variance 2019 Budget v 2018 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 13,875,486	\$ 13,875,486	\$ -	\$ 14,264,214	\$ 388,728
Penalty Sanctions	1,211,143	1,211,143	-	335,821	(875,322)
Total Statutory Funding	\$ 15,086,629	\$ 15,086,629	\$ -	\$ 14,600,035	\$ (486,594)
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	43,256	158,922	115,666	68,571	25,315
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 15,129,885	\$ 15,245,551	\$ 115,666	\$ 14,668,606	\$ (461,279)
Expenses					
Personnel Expenses					
Salaries	\$ 6,024,488	\$ 6,549,803	\$ 525,315	\$ 6,521,216	\$ 496,728
Payroll Taxes	457,104	433,458	(23,646)	449,911	(7,193)
Benefits	770,127	794,132	24,005	789,012	18,885
Retirement Costs	509,510	566,818	57,308	538,748	29,238
Total Personnel Expenses	\$ 7,761,229	\$ 8,344,211	\$ 582,982	\$ 8,298,887	\$ 537,658
Meeting Expenses					
Meetings	\$ 5,400	\$ 9,138	\$ 3,738	\$ 4,910	\$ (490)
Travel	843,277	788,169	(55,108)	835,205	(8,072)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 848,677	\$ 797,307	\$ (51,370)	\$ 840,115	\$ (8,562)
Operating Expenses					
Consultants & Contracts	\$ 397,221	\$ 562,348	\$ 165,127	\$ 261,890	\$ (135,331)
Office Rent	-	-	-	-	-
Office Costs	346,230	295,738	(50,492)	297,150	(49,080)
Professional Services	-	36,000	36,000	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 743,451	\$ 894,086	\$ 150,635	\$ 559,040	\$ (184,411)
Total Direct Expenses	\$ 9,353,357	\$ 10,035,604	\$ 682,247	\$ 9,698,042	\$ 344,685
Indirect Expenses	\$ 5,362,114	\$ 5,553,351	\$ 191,237	\$ 5,329,085	\$ (33,029)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 14,715,471	\$ 15,588,955	\$ 873,484	\$ 15,027,127	\$ 311,656
Change in Assets	\$ 414,414	\$ (343,404)	\$ (757,818)	\$ (358,521)	\$ (772,935)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(71,794)	(80,004)	(8,210)	(60,653)	11,141
Incr(Dec) in Fixed Assets (C)	\$ (71,794)	\$ (80,004)	\$ (8,210)	\$ (60,653)	\$ 11,141
TOTAL BUDGET (B+C)	\$ 14,643,677	\$ 15,508,951	\$ 865,274	\$ 14,966,474	\$ 322,797
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 486,208	\$ (263,400)	\$ (749,608)	\$ (297,868)	\$ (784,076)
FTEs	59.0	59.5	0.5	60.0	1.0
HC	59.0	62.0	3.0	60.0	1.0

Reliability Assessment and Performance Analysis Program

Reliability Assessment and Performance Analysis (in whole dollars)			
	2018 Budget	2019 Budget	Increase (Decrease)
Total FTEs	38.0	39.0	1.0
Direct Expenses	\$ 7,093,002	\$ 6,602,599	\$ (490,403)
Indirect Expenses	\$ 3,453,565	\$ 3,463,906	\$ 10,341
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (70,272)	\$ (43,761)	\$ 26,511
Total Funding Requirement	\$ 10,476,295	\$ 10,022,744	\$ (453,551)

Program Scope and Functional Description

WECC conducts a variety of assessments, analyses, and studies essential to the reliable planning and operation of the BPS in the Western Interconnection. In addition, WECC compiles and distributes data and information used by WECC stakeholders to aid in regional and local planning studies. These integrated assessment and planning efforts enhance WECC's overall ability to assess potential reliability risks in the Western Interconnection.

The RAPA program area is organized into three departments:

1. **The Performance Analysis Department** conducts robust analyses on the historical operation and performance of the Western Interconnection to use as building blocks to assess Interconnection-wide risks and vulnerabilities. The information produced helps to identify best practices and mitigate potential risk.
2. **The Events Analysis Department** analyzes system conditions and events that impact or have the potential to impact the reliable operation of the BPS. The activities of the department ensure that WECC stakeholders, NERC, and FERC are well-informed of system events, emerging trends, lessons learned, and expected actions impacting BPS reliability.
3. **The Reliability Planning Department** develops and maintains WECC's integrated capability to study Western Interconnection reliability issues for the near- and long-term planning horizon. The group is the NERC-designated, Interconnection-wide model builder under MOD-32 and is focused on developing the planning tools and data sets to support transmission planning, and performing special studies on priority reliability issues as they are identified. The studies, made in close collaboration with the WECC technical committees, consider both system adequacy and system stability.

In addition to the Western Interconnection-specific work described above, WECC's RAPA program supports the development of NERC's RAPA activities through targeted data gathering and, as needed, participation in special reliability assessments.

2019 Key Assumptions

The Reliability Assessment and Performance Analysis Program Area incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions:

- The RAPA staff and WECC technical committees will continue to focus on assessment activities that address the Strategic Priority areas identified by the WECC Board in December 2016 as well as any near-term priorities approved by the Board in June 2018.
- Building on the NERC Reliability Issues Steering Committee (RISC) Report, WECC staff and stakeholders will continue to play a leadership role in the identification of Western Interconnection-specific reliability challenges.
- One position is transferred from Human Resources to realign resources based on business needs and due to efficiencies gained in Human Resources.
- In 2017 and 2018, WECC performed an extensive assessment that identified key vulnerabilities related to the interface between the gas and electric systems, and explored potential mitigating measures. In 2019, WECC will continue to work with stakeholders and policymakers to highlight the key vulnerabilities identified and support efforts to mitigate them.
- The 2019 RAPA budget for meetings and travel to support the committees is forecasted to be slightly higher than 2018 due to the continuation of the 2018 schedule for subcommittee and work group in-person meetings, while allowing each committee, subcommittee, and work group to have one hosted meeting in 2019.

2019 Goals and Key Deliverables

- Implement the three-year planning cycle, in conjunction with the JGC, to align staff and technical committee work plans in support of the Board-approved strategic priorities.
- Coordinate internally with Western Interconnection stakeholders and with NERC to ensure that emerging reliability challenges are identified and addressed in work plans that may include reliability impacts as a result of the changing RC registry.
- Prepare Interconnection-wide power flow and stability base cases, and conduct studies to address key reliability challenges facing the Interconnection. Use base cases and power flow capabilities to study emerging issues (e.g., frequency response) and system vulnerabilities.
- Provide technical oversight, insight, and guidance to analyze frequency response trends and recommend any actions to minimize reliability risks and/or improve modeling capabilities.
- Complete Interconnection-wide reliability assessments that address resource adequacy, transmission infrastructure utilization, and other key factors in the 10- and 20-year planning horizon using the most applicable tools and models to identify potential future reliability risks.
- Implement lessons learned from the 2028 Anchor Data Set (ADS) and begin development of the 2030 ADS by preparing the 2030 Heavy Summer Base Case.
- Facilitate dynamic model development.

- Continue to develop and maintain a database(s) for production cost, capital expansion and other models, and conduct reliability assessments to meet the needs of NERC, WECC and stakeholders.
- Enhance tools and capabilities used for probabilistic-based planning and analysis.
- Conduct reliability assessments evaluating the adequacy and security of the system in the planning horizon, including supporting the NERC Long-Term Reliability Assessment and incorporated probabilistic assessment, Summer Reliability Assessment, and Winter Reliability Assessment.
- Conduct special reliability assessments as needed or requested by NERC for low-probability/high-impact events such as geomagnetic disturbances or prolonged droughts.
- Use data from actual system disturbances to validate power flow and stability base-case models and to identify near-misses.
- Publish WECC Transmission Maps of the existing and planned system.
- Facilitate the Project Coordination and Project Rating Review Process.
- Process BES Exception requests.
- Verify and submit NERC Transmission Availability Data System (TADS), Generator Availability Data System (GADS), Demand-Response Availability Data System (DADS) and Misoperation Information Data Analysis System (MIDAS) filings.
- Analyze trends and patterns in historical system performance, resource and load composition, and publish in reports such as the annual State of the Interconnection report.
- Assess Interconnection performance through site visits or short surveys regarding key operational practices to identify and share best practices and potential risks to Interconnection-wide reliability.
- Evaluate historical system performance trends to identify reliability risk metrics, key indicators, and potential improvement strategies. Work with WECC technical committees to engage in proactive reliability improvement activities.
- Enhance risk analysis capabilities through increased analysis of risk data sources such as Event Analysis Reports, TADS, GADS, and protection system misoperations.
- Identify key vulnerability issues and work with stakeholders to address them (e.g., physical and cyber security, situation awareness and coordination across neighboring systems, human performance, and equipment misoperations or failures).
- Complete Event Analysis Reports and develop Lessons Learned to support a high level of reliability within the BPS while minimizing the possibility of major significant events and preventing reoccurrence of similar events.
- Update and enhance the Reliability Risk Assessment to prospectively identify key risks to the Western Interconnection.
- Develop Reliability Guidelines, technical white papers and reports, and reference documents to address emerging issues, operational risks, and industry concerns related to system operations.
- Ensure the Western Interconnection is represented in reliability matters by participating in various NERC committees, WECC committees, and industry forums.

Resource Requirements/Explanation of Significant Changes**Personnel Expenses**

- Personnel Expenses increase by a net of \$133,000 primarily due to one FTE transferred from Human Resources, a budgeted 3-percent merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- Consultants and Contracts decrease by a net of \$595,000 primarily due to the completion of the Gas/Electric Interdependence Study.
- Office Costs decrease by \$15,000 primarily due to changes in software products maintained and license fee structures.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2018 and 2019 budgets.

Reliability Assessment and Performance Analysis Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2018 Budget & Projection, and 2019 Budget RELIABILITY ASSESSMENT AND PERFORMANCE ANALYSIS					
	2018 Budget	2018 Projection	Variance 2018 Budget v 2018 Projection Over(Under)	2019 Budget	Variance 2019 Budget v 2018 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 10,016,218	\$ 10,016,218	\$ -	\$ 9,560,414	\$ (455,804)
Penalty Sanctions	780,059	780,059	-	218,283	(561,776)
Total Statutory Funding	\$ 10,796,277	\$ 10,796,277	\$ -	\$ 9,778,697	\$ (1,017,580)
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	27,859	91,919	64,060	44,571	16,712
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 10,824,136	\$ 10,888,196	\$ 64,060	\$ 9,823,268	\$ (1,000,868)
Expenses					
Personnel Expenses					
Salaries	\$ 4,127,042	\$ 4,045,231	\$ (81,811)	\$ 4,278,285	\$ 151,243
Payroll Taxes	309,708	257,870	(51,838)	294,608	(15,100)
Benefits	501,612	543,550	41,938	494,397	(7,215)
Retirement Costs	349,627	364,298	14,671	353,659	4,032
Total Personnel Expenses	\$ 5,287,989	\$ 5,210,949	\$ (77,040)	\$ 5,420,949	\$ 132,960
Meeting Expenses					
Meetings	\$ 126,812	\$ 87,506	\$ (39,306)	\$ 128,110	\$ 1,298
Travel	239,345	296,578	57,233	244,640	5,295
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 366,157	\$ 384,084	\$ 17,927	\$ 372,750	\$ 6,593
Operating Expenses					
Consultants & Contracts	\$ 1,185,000	\$ 1,228,828	\$ 43,828	\$ 590,000	\$ (595,000)
Office Rent	-	-	-	-	-
Office Costs	229,824	252,762	22,938	214,564	(15,260)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	24,032	27,742	3,710	4,336	(19,696)
Total Operating Expenses	\$ 1,438,856	\$ 1,509,332	\$ 70,476	\$ 808,900	\$ (629,956)
Total Direct Expenses	\$ 7,093,002	\$ 7,104,365	\$ 11,363	\$ 6,602,599	\$ (490,403)
Indirect Expenses	\$ 3,453,565	\$ 3,212,017	\$ (241,548)	\$ 3,463,906	\$ 10,341
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 10,546,567	\$ 10,316,382	\$ (230,185)	\$ 10,066,505	\$ (480,062)
Change in Assets	\$ 277,569	\$ 571,814	\$ 294,245	\$ (243,237)	\$ (520,806)
Fixed Assets					
Depreciation	\$ (24,032)	\$ (27,742)	\$ (3,710)	\$ (4,336)	\$ 19,696
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(46,240)	(46,274)	(34)	(39,425)	6,815
Incr(Dec) in Fixed Assets (C)	\$ (70,272)	\$ (74,016)	\$ (3,744)	\$ (43,761)	\$ 26,511
TOTAL BUDGET (B+C)	\$ 10,476,295	\$ 10,242,366	\$ (233,929)	\$ 10,022,744	\$ (453,551)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 347,841	\$ 645,830	\$ 297,989	\$ (199,476)	\$ (547,317)
FTEs	38.0	34.4	(3.6)	39.0	1.0
HC	38.0	38.0	-	40.0	2.0

Training and Outreach Program

Training and Outreach (in whole dollars)			
	2018 Budget	2019 Budget	Increase (Decrease)
Total FTEs	1.3	2.0	0.7
Direct Expenses	\$ 778,625	\$ 762,842	\$ (15,783)
Indirect Expenses	\$ 118,148	\$ 177,636	\$ 59,488
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (1,582)	\$ (2,022)	\$ (440)
Total Funding Requirement	\$ 895,191	\$ 938,456	\$ 43,265

Program Scope and Functional Description

The Training and Outreach Program Area provides outreach, education, and training on the application of Reliability Standards, compliance issues, improvement of compliance programs, reliability planning and performance analysis, grid operations, human performance, and Train-the-Trainer.

2019 Key Assumptions

The Training and Outreach Program Area incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions:

- Deliver two Compliance Workshops to provide in-depth education and training related to:
 - lessons learned and process improvement for implementation of risk-based concepts in the Compliance Monitoring and Enforcement Program (CMEP);
 - enforcement trends and statistics; and
 - information on audit approach for upcoming O&P standards and CIP standards changes and transitions.
- Conduct one Western Reliability Summit in 2019 to enhance outreach to all stakeholders as part of the three-year planning process.
- Conduct education webinars and workshops to expand awareness of reliability planning tools, modeling capabilities, and results.
- Transfer one position from Legal and Regulatory to realign resources based on business need and efficiencies gained in Legal and Regulatory.
- Transfer 0.3 FTE to General and Administrative based on changes in roles and responsibilities.

2019 Goals and Key Deliverables

- Provide eight Compliance Open Webinars.
- Deliver four Grid Fundamentals workshops.
- Deliver one Train-the-Trainer workshop.
- Create and deliver one Human Performance Work Group conference.

- Deliver two Compliance Workshops.
- Host a third Western Reliability Summit to gather input to identify and analyze risks and challenges to the reliability of the BPS.
- Create and deliver educational outreach in the form of webinars and workshops on:
 - reliability planning tools and modeling capabilities, including base-case and common-case studies;
 - contingency studies and analysis;
 - RAC studies;
 - scenario planning and regulatory issues and trends; and
 - events analysis.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$101,000 due to an increase of 0.7 FTE, a budgeted 3-percent merit pool, continued refinement of labor float percentages, changes in position levels, and the refinement of payroll tax and benefits rates.

Meeting Expenses

- Meetings decrease by \$105,000 due to reductions in anticipated attendance at outreach events.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2018 and 2019 budgets.

Training and Outreach Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2018 Budget & Projection, and 2019 Budget					
TRAINING AND OUTREACH					
	2018 Budget	2018 Projection	Variance 2018 Budget v 2018 Projection Over(Under)	2019 Budget	Variance 2019 Budget v 2018 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 357,225	\$ 357,225	\$ -	\$ 481,798	\$ 124,573
Penalty Sanctions	26,686	26,686	-	11,194	(15,492)
Total Statutory Funding	\$ 383,911	\$ 383,911	\$ -	\$ 492,992	\$ 109,081
Membership Fees	\$ -	\$ -	\$ -	0.00	\$ -
Services & Software	-	-	-	-	-
Workshops	540,050	373,062	(166,988)	424,500	(115,550)
Interest	953	5,663	4,710	2,286	1,333
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 924,914	\$ 762,636	\$ (162,278)	\$ 919,778	\$ (5,136)
Expenses					
Personnel Expenses					
Salaries	\$ 174,914	\$ 245,678	\$ 70,764	\$ 254,696	\$ 79,782
Payroll Taxes	12,496	18,607	6,111	18,305	5,809
Benefits	19,229	27,824	8,595	29,484	10,255
Retirement Costs	15,656	21,446	5,790	21,064	5,408
Total Personnel Expenses	\$ 222,295	\$ 313,555	\$ 91,260	\$ 323,549	\$ 101,254
Meeting Expenses					
Meetings	\$ 514,130	\$ 284,877	\$ (229,253)	\$ 409,173	\$ (104,957)
Travel	10,315	5,463	(4,852)	10,603	288
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ 524,445	\$ 290,340	\$ (234,105)	\$ 419,776	\$ (104,669)
Operating Expenses					
Consultants & Contracts	\$ 4,560	\$ -	\$ (4,560)	\$ -	\$ (4,560)
Office Rent	-	-	-	-	-
Office Costs	27,325	20,973	(6,352)	19,517	(7,808)
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ 31,885	\$ 20,973	\$ (10,912)	\$ 19,517	\$ (12,368)
Total Direct Expenses	\$ 778,625	\$ 624,868	\$ (153,757)	\$ 762,842	\$ (15,783)
Indirect Expenses	\$ 118,148	\$ 197,874	\$ 79,726	\$ 177,636	\$ 59,488
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 896,773	\$ 822,742	\$ (74,031)	\$ 940,478	\$ 43,705
Change in Assets	\$ 28,141	\$ (60,106)	\$ (88,247)	\$ (20,700)	\$ (48,841)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(1,582)	(2,851)	(1,269)	(2,022)	(440)
Incr(Dec) in Fixed Assets (C)	\$ (1,582)	\$ (2,851)	\$ (1,269)	\$ (2,022)	\$ (440)
TOTAL BUDGET (B+C)	\$ 895,191	\$ 819,891	\$ (75,300)	\$ 938,456	\$ 43,265
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 29,723	\$ (57,255)	\$ (86,978)	\$ (18,678)	\$ (48,401)
FTEs	1.3	2.1	0.8	2.0	0.7
HC	1.0	2.0	1.0	2.0	1.0

Situation Awareness and Infrastructure Security Program

Situation Awareness and Infrastructure Security (in whole dollars)			
	2018 Budget	2019 Budget	Increase (Decrease)
Total FTEs	1.0	1.0	-
Direct Expenses	\$ 134,221	\$ 127,569	\$ (6,652)
Indirect Expenses	\$ 90,883	\$ 88,818	\$ (2,065)
Other Non-Operating Expenses	\$ -	\$ -	\$ -
Inc(Dec) in Fixed Assets	\$ (1,217)	\$ (1,011)	\$ 206
Total Funding Requirement	\$ 223,887	\$ 215,376	\$ (8,511)

Program Scope and Functional Description

WECC's Situation Awareness and Infrastructure Security (SAIS) Program Area maintains near-Real-time awareness about the conditions and significant occurrences on the BPS in the Western Interconnection, with the objective of recognizing conditions and situations that could impact the reliability of the BPS. WECC has access to limited Real-time data via the Situation Awareness for FERC, NERC, and the Regions (SAFNR) tool, Genscape Real-time Power Application, and the University of Tennessee Frequency Monitoring NETwork (FNET).

This program is part of WECC's delegation-related accountabilities to NERC and does not in any way duplicate the Real-time situation awareness and operating coordination provided by other entities within the Western Interconnection. WECC's role is to understand system issues when they emerge and coordinate with relevant parties (typically NERC and FERC) about the conditions of the BPS. Through this coordination, WECC is seeking to discern patterns and identify trends that will help in building a stronger and more resilient system. Additionally, WECC staff responds to events by providing coordination, assistance and communication with the Reliability Coordinator(s), stakeholders, WECC management, and NERC SAIS personnel.

2019 Key Assumptions

The SAIS Program Area incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions. WECC will:

- Continue using the SAFNR tool and Genscape Real-time Power Application to provide situation awareness capabilities to WECC.
- Use WECC's situation awareness capabilities to support NERC and FERC's efforts for situation awareness of current system conditions.
- Continue working with stakeholders, government agencies, NERC, and the Electricity Information Sharing and Analysis Center (E-ISAC) to ensure appropriate event information is being disseminated to industry entities in a timely manner.

- Maximize sharing of operating and system data, within agreed parameters, and insights from Events Analysis, including near-misses, to optimize understanding of reliability issues, promote operational excellence, share best practices/lessons learned in a timely manner, and engage third-party experts to expand capabilities and resources applied to critical reliability issues.
- Collaborate with specific stakeholder groups in the development of lessons learned and recommendations from events and identified risks.

2019 Goals and Key Deliverables

- Monitor system events, collect information, and coordinate the distribution of timely updates on system events to WECC management, industry stakeholders, and NERC SAIS personnel;
- Continue to work with NERC to monitor system data, weather, and technological developments to understand trends that affect reliability for the near- and long-term horizons;
- Participate on daily NERC SAIS calls to coordinate, report, and receive any critical information;
- Continue to support efforts and work to develop and enhance ways to improve the use of SAFNR and Genscape Real-time Power Application data to further support SAIS;
- Ensure the Western Interconnection is represented in reliability matters by participating in various NERC committees and industry forums;
- Participate as appropriate in periodic wide-area security exercises (e.g., GridEx, Monitoring and Situation Awareness Workshop, NERC Human Performance Conference); and
- Ensure support for critical infrastructure security by promoting rapid and appropriate sharing of situation awareness information regarding security occurrences.

Resource Requirements/Explanation of Significant Changes**Personnel Expenses**

- No significant changes.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2018 and 2019 budgets.

Situation Awareness and Infrastructure Security Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2018 Budget & Projection, and 2019 Budget					
SITUATION AWARENESS AND INFRASTRUCTURE SECURITY					
	2018 Budget	2018 Projection	Variance 2018 Budget v 2018 Projection Over(Under)	2019 Budget	Variance 2019 Budget v 2018 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ 210,060	\$ 210,060	\$ -	\$ 204,350	\$ (5,710)
Penalty Sanctions	20,528	20,528	-	5,597	(14,931)
Total Statutory Funding	\$ 230,588	\$ 230,588	\$ -	\$ 209,947	\$ (20,641)
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	733	2,672	1,939	1,143	410
Miscellaneous	-	-	-	-	-
Total Revenue (A)	\$ 231,321	\$ 233,260	\$ 1,939	\$ 211,090	\$ (20,231)
Expenses					
Personnel Expenses					
Salaries	\$ 105,057	\$ 96,377	\$ (8,680)	\$ 100,159	\$ (4,898)
Payroll Taxes	8,630	6,192	(2,438)	7,516	(1,114)
Benefits	11,652	17,925	6,273	11,620	(32)
Retirement Costs	8,882	6,351	(2,531)	8,274	(608)
Total Personnel Expenses	\$ 134,221	\$ 126,845	\$ (7,376)	\$ 127,569	\$ (6,652)
Meeting Expenses					
Meetings	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-	-
Conference Calls	-	-	-	-	-
Total Meeting Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses					
Consultants & Contracts	\$ -	\$ -	\$ -	\$ -	\$ -
Office Rent	-	-	-	-	-
Office Costs	-	-	-	-	-
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Expenses	\$ 134,221	\$ 126,845	\$ (7,376)	\$ 127,569	\$ (6,652)
Indirect Expenses	\$ 90,883	\$ 93,381	\$ 2,498	\$ 88,818	\$ (2,065)
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 225,104	\$ 220,226	\$ (4,878)	\$ 216,387	\$ (8,717)
Change in Assets	\$ 6,217	\$ 13,034	\$ 6,817	\$ (5,297)	\$ (11,514)
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(1,217)	(1,345)	(128)	(1,011)	206
Incr(Dec) in Fixed Assets (C)	\$ (1,217)	\$ (1,345)	\$ (128)	\$ (1,011)	\$ 206
TOTAL BUDGET (B+C)	\$ 223,887	\$ 218,881	\$ (5,006)	\$ 215,376	\$ (8,511)
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ 7,434	\$ 14,379	\$ 6,945	\$ (4,286)	\$ (11,720)
FTEs	1.0	1.0	-	1.0	-
HC	-	-	-	-	-

Corporate Services

Corporate Services (in whole dollars) Direct Expenses and Fixed Assets						
	2018 Budget	2019 Budget	Increase (Decrease)	FTEs 2018 Budget	FTEs 2019 Budget	Increase (Decrease)
Committee and Member Forums	\$ 41,633	\$ 11,200	\$ (30,433)	-	-	-
General and Administrative	\$ 4,875,155	\$ 5,206,619	\$ 331,464	16.75	17.05	0.30
Legal and Regulatory	\$ 1,384,758	\$ 1,323,239	\$ (61,519)	7.00	6.00	(1.00)
Information Technology	\$ 1,715,189	\$ 1,803,654	\$ 88,465	8.70	8.70	-
Human Resources	\$ 1,150,319	\$ 868,319	\$ (282,000)	4.00	3.00	(1.00)
Accounting and Finance	\$ 543,822	\$ 533,568	\$ (10,254)	4.25	3.25	(1.00)
Total Corporate Services*	\$ 9,710,876	\$ 9,746,599	\$ 35,723	40.70	38.00	(2.70)

*WECC's 2019 Corporate Services budget (expenses plus fixed asset activity) is \$9,746,599, of which \$526,844 is allocated to non-statutory activities. As a result of the allocation to the non-statutory function, the Corporate Services expenses included in the 2019 statutory budget are \$9,219,755, which is a \$46,878 decrease from the 2018 budget of \$9,172,877.

Program Scope and Functional Description

WECC's Corporate Services encompasses the following program areas and includes all business and administrative functions of the organization:

- Technical Committees and Member Forums,
- General and Administrative,
- Legal and Regulatory,
- Information Technology,
- Human Resources, and
- Finance and Accounting.

These functions are necessary for the existence and operation of the organization and support the performance of WECC's statutory activities. This area provides executive leadership; communications and external affairs; and administrative support for WECC staff, committees, members, and management. Corporate Services includes Board fees and expenses, and provides logistics support for the Salt Lake City office and meeting facilities, and the Vancouver office.

Methodology for Allocation of Corporate Services Expenses to Programs

Corporate Services expenses are allocated to statutory and non-statutory program areas based on FTEs.

Technical Committees and Member Forums

Program Scope and Functional Description

WECC provides forums for members and other interested stakeholders within its footprint to discuss and share reliability, compliance, and operating concerns through the Standing Committees and the JGC.

2019 Key Assumptions

- The Standing Committees (OC, MIC, and RAC) meet three times each year. In 2019, all Standing Committee meeting will be held in Salt Lake City.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- No significant changes.

Meeting Expenses

- Meetings decrease by \$30,000 due to all Standing Committee meetings being held in Salt Lake City.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

General and Administrative

Program Scope and Functional Description

The General and Administrative Department provides executive leadership; communications; and administrative support for WECC staff, committees, members, and management; as well as logistics support of the Salt Lake City office and meeting facilities. In addition, indirect costs such as Office Rent that benefit multiple functional areas are accounted for in this budget.

2019 Key Assumptions

- Transfer 0.3 FTE from Training and Outreach based on changes in roles and responsibilities.
- Provide the same level of meetings and meeting support for the Board of Directors and Board Committees in 2019.
- Hold the 2019 Annual Meeting in Seattle.
- Compensate Board members for meeting participation in accordance with the current Board compensation structure.

2019 Goals and Key Deliverables

- Provide excellent executive leadership and strong strategic guidance for the activities undertaken by WECC and ensure that WECC supports the ERO Enterprise Long-Term Strategy and ERO Enterprise Operating Plan.
- Support and coordinate the logistics for the Board of Directors and Board Committees.
- Continue to enhance the meetings team and stakeholder services groups to drive efficiencies and effective services throughout WECC.
- Continue to enhance the external relations and outreach programs.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$135,000 due to a budgeted 3-percent merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

Meeting Expenses

- Meetings increase by \$20,000 primarily due to an estimated increase in the cost of off-site meetings.
- Travel decreases by \$20,000 primarily due to the alignment of Board Director travel with historical trends.
- Conference Calls decrease by \$17,000 to align budget with actual usage trends.

Operating Expenses

- Consultants and Contracts increase by \$84,000 primarily due to organizational and leadership development consulting.
- Office Rent increases by \$29,000 due a new lease for the Vancouver, WA office.
- Office Costs increase by \$53,000 primarily due to the replacement of some office furniture, expansion of WECC stakeholder's recognition wall and updating WECC's corporate collateral.

Fixed Assets

- Leasehold Improvements increase by \$12,000 due to improvements for the Salt Lake City office space.

Legal and Regulatory

Program Scope and Functional Description

The Legal and Regulatory Department provides coordinated legal services to the WECC Board, committees, and staff, in addition to consistent legal interpretations of relevant statutes, regulations, court opinions, and regulatory decisions. The department also develops specific subject matter expertise to further assist WECC with its legal needs. On occasion, major efforts may be outsourced to select law firms, but the responsibility for all legal matters remains with the Legal and Regulatory Department.

WECC's international operations and its broad scope of activities require significant legal support and review. Arranging for legal support is complicated by the technical nature of this developing area of law and there are many potential areas of conflict prohibiting the use of law firms with energy practices.

2019 Key Assumptions

- Maintain the scope of its current operations and ensure that WECC contributes positively to the ERO Enterprise's activities.
- Transfer one position to Training and Outreach to realign resources based on business need and due to efficiencies gained in Legal and Regulatory.

2019 Goals and Key Deliverables

- Provide efficient, cost-effective legal support to the WECC Board, committees and staff through a combination of in-house and outside resources.
- Advise WECC departments on specified legal matters and general matters relating to WECC business.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses decrease by a net of \$54,000 due to one FTE transferred to Training and Outreach, a budgeted 3-percent merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

Meeting Expenses

- Travel increases by \$14,000 due to increased travel requirements and attendance at off-site meetings.

Operating Expenses

- Professional Services decrease by \$24,000 primarily based on estimates derived from current insurance premiums.

Fixed Assets

- No significant changes.

Information Technology

Program Scope and Functional Description

WECC's Information Technology (IT) Department provides systems support including: servers, data, email, telephone systems, and internet and Intranet website maintenance. In addition, IT includes development of new technology solutions using both internal staff and working with external service providers. IT provides resources and tools to enable the organization to meet evolving requirements to support activities and responsibilities as directed by NERC and FERC.

2019 Key Assumptions

The Information Technology Program Area incorporates the Regional Entity-specific contributing activities as described in the ERO Enterprise Operating Plan, and includes the following additional WECC-specific assumptions.

- Use consultants as needed instead of increasing headcount.
- Achieve long-term levelized costs by obtaining subscription services for software and infrastructure when practical.
- Replace personal computer equipment on a four-year refresh cycle, refresh servers every five years, and replace network equipment every seven-to-10 years.
- Support the ERO Enterprise IT Strategy and continue working collaboratively to minimize duplication of effort and investments and improve operational efficiency.

2019 Goals and Key Deliverables

- Continue to provide increased data support, analysis, and communication.
- Create centralized databases, automated processes, and tools to organize a growing volume of electronic data that will be in high demand.
- Add to WECC's security capabilities with additional authentication controls and enhanced threat detection.
- Enhance document management, business process workflow and records retention solutions.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by \$40,000 due to a budgeted 3-percent merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- Fixed Assets increase by a net of \$48,000 primarily due to planned 2019 refreshes of file servers and storage area networks. Additionally, one-time software purchases in 2018 were not replaced with additional tools in 2019.

Human Resources

Program Scope and Functional Description

Human Resources (HR) is responsible for the delivery of all HR functions to WECC, including: recruitment, staffing, compensation, benefits, safety, health and wellness, employee relations, performance management, succession planning, and employee training and development. HR maintains Human Resources-related databases and ensures compliance with all federal and state requirements.

2019 Key Assumptions

- Hold WECC's total headcount flat.
- Maintain current benefit levels and negotiate minimal premium increases.
- Ensure gaps in skills are minimized through training and development.
- Transfer one FTE to RAPA to realign resources based on business need and efficiencies gained in Human Resources.

2019 Goals and Key Deliverables

- Improve the effectiveness of performance management processes through manager training and development.
- Enhance the scope of succession planning and employee development and training, which are vital to ensuring that WECC maintains a highly skilled, qualified and diverse workforce.
- Manage all employee benefits to deliver an attractive benefit package to employees, and to attract potential employees, while managing overall costs to the organization.
- Expand recruiting efforts through college campus outreach, social media platforms, and employee referral programs to attract desired candidates.
- Offer one technical writing course.
- Provide access for all employees to the NERC Learning Management System and develop learning plans for employee training using computer-based training modules and classroom training.

Resource Requirements/Explanation of Significant Changes

Personnel Expenses

- Personnel Expenses increase by a net of \$194,000 due to one FTE transferred to RAPA, a budgeted 3-percent merit pool, continued refinement of labor float percentages, and the refinement of payroll tax and benefits rates.

Meeting Expenses

- Travel increases by \$16,000 due to travel related to human resource information system training and job applicant travel.

Operating Expenses

- Consultants and Contracts decrease by \$70,000 primarily due to the completion of compensation consulting in 2018.

- Office Costs decrease by \$25,000 due to the end of compensation data subscriptions in 2018 and a reduction in the number of job posting sites used.

Fixed Assets

- No significant changes.

Finance and Accounting**Program Scope and Functional Description**

The Finance and Accounting Department provides accounting and financial analysis support to WECC. The department is responsible for accounts payable, billing, accounts receivable, budgeting, fixed asset management, banking, cash management, payroll, and financial reporting.

2019 Key Assumptions

- Convert one position from staff-level to senior-level.
- Transfer one FTE to Compliance Monitoring and Enforcement to realign resources based on business need and efficiencies gained in Finance and Accounting.
- Implement secure and reliable cloud-based software.
- Interest rates remain flat.

2019 Goals and Key Deliverables

- Identify and implement efficiencies in financial processes.
- Ensure WECC has effective financial controls.
- Provide quality reporting and financial analysis to WECC managers, the FAC and the WECC Board.

Resource Requirements/Explanation of Significant Changes**Personnel Expenses**

- No significant changes.

Meeting Expenses

- No significant changes.

Operating Expenses

- No significant changes.

Fixed Assets

- No significant changes.

See Section B – Supplemental Financial Information for explanations of other variances between the 2018 and 2019 budgets.

Corporate Services Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital 2018 Budget & Projection, and 2019 Budget CORPORATE SERVICES					
	2018 Budget	2018 Projection	Variance 2018 Budget v 2018 Projection Over(Under)	2019 Budget	Variance 2019 Budget v 2018 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total Statutory Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Services & Software	-	-	-	-	-
Workshops	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenue (A)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenses					
Personnel Expenses					
Salaries	\$ 4,310,636	\$ 4,360,311	\$ 49,675	\$ 4,287,638	\$ (22,998)
Payroll Taxes	270,983	255,423	(15,560)	240,225	(30,758)
Benefits	953,869	921,570	(32,299)	941,023	(12,846)
Retirement Costs	366,353	372,777	6,424	354,381	(11,972)
Total Personnel Expenses	<u>\$ 5,901,841</u>	<u>\$ 5,910,081</u>	<u>\$ 8,240</u>	<u>\$ 5,823,267</u>	<u>\$ (78,574)</u>
Meeting Expenses					
Meetings	\$ 108,923	\$ 157,109	\$ 48,186	\$ 98,500	\$ (10,423)
Travel	288,072	304,029	15,957	300,130	12,058
Conference Calls	75,000	53,527	(21,473)	57,600	(17,400)
Total Meeting Expenses	<u>\$ 471,995</u>	<u>\$ 514,665</u>	<u>\$ 42,670</u>	<u>\$ 456,230</u>	<u>\$ (15,765)</u>
Operating Expenses					
Consultants & Contracts	\$ 436,500	\$ 481,336	\$ 44,836	\$ 441,000	\$ 4,500
Office Rent	944,461	962,884	18,423	972,909	28,448
Office Costs	990,369	904,633	(85,736)	1,022,913	32,544
Professional Services	903,710	885,366	(18,344)	908,280	4,570
Miscellaneous	-	-	-	-	-
Depreciation	193,784	204,092	10,308	234,209	40,425
Total Operating Expenses	<u>\$ 3,468,824</u>	<u>\$ 3,438,311</u>	<u>\$ (30,513)</u>	<u>\$ 3,579,311</u>	<u>\$ 110,487</u>
Total Direct Expenses	<u>\$ 9,842,660</u>	<u>\$ 9,863,057</u>	<u>\$ 20,397</u>	<u>\$ 9,858,808</u>	<u>\$ 16,148</u>
Indirect Expenses	<u>\$ (9,842,660)</u>	<u>\$ (9,863,057)</u>	<u>\$ (20,397)</u>	<u>\$ (9,858,808)</u>	<u>\$ (16,148)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Assets	<u>\$ -</u>	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed Assets					
Depreciation	\$ (193,784)	\$ (204,092)	\$ (10,308)	\$ (234,209)	\$ (40,425)
Computer & Software CapEx	50,000	50,000	-	5,000	(45,000)
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	12,000	12,000	-	105,000	93,000
Leasehold Improvements	-	-	-	12,000	12,000
Allocation of Fixed Assets	131,784	142,092	10,308	112,209	(19,575)
Incr(Dec) in Fixed Assets (C)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL BUDGET (B+C)	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	<u>\$ -</u>	<u>\$ (45,000)</u>	<u>\$ (45,000)</u>	<u>\$ -</u>	<u>\$ -</u>
FTEs	40.7	37.4	(3.3)	38.0	(2.7)
HC	41.0	38.0	(3.0)	38.0	(3.0)

Section B

Supplemental Financial Information

2019 Business Plan and Budget

Section B — Supplemental Financial Information

Reserve Analysis

Table B-1

Working Capital Reserve Analysis 2018-2019	
STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2017	\$ 5,418,775
Plus: 2018 Funding (from Load-Serving Entities (LSE) or designees)	27,382,000
Plus: 2018 Other funding sources	640,255
Less: 2018 Projected expenses & capital expenditures	(27,602,629)
Projected Working Capital Reserve (Deficit), December 31, 2018	\$ 5,838,401
Projected Working Capital Reserve, December 31, 2019¹	\$ 5,302,021
Less: Projected Working Capital Reserve, December 31, 2018	(5,838,401)
Increase(Decrease) in Assessments to Achieve Projected Working Capital Reserve	\$ (536,380)
2019 Expenses and Capital Expenditures	\$ 26,950,566
Less: Penalty Sanctions ²	(587,686)
Less: Other Funding Sources	(544,500)
Adjustment to achieve desired Working Capital Reserve	(536,380)
2019 WECC Assessment	\$ 25,282,000

1 – On June 20, 2018, the WECC Board of Directors approved this reserve level.

2 – Represents collections of Penalty Sanctions from July 1, 2017 through June 30, 2018. See page 45 for full disclosure.

WECC's Board has approved a Working Capital Reserve balance equal to one-to-three months of Personnel, Meeting, and Operating Expenses per its Reserve Policy, approved by the FAC on June 19, 2018.

Breakdown of Statement of Activities

The following detailed schedules are in support of the Statutory Statement of Activities and Capital Expenditures on page 10.

Monetary Penalties

As documented in the NERC Policy *Accounting, Financial Statement and Budgetary Treatment of Penalties Imposed and Received for Violations of Reliability Standards*, penalty monies received on or prior to June 30, 2018, will be used to offset assessments in the 2019 WECC budget.

All penalty monies received on or prior to June 30, 2018, are listed in Table B-2, including the amount and the date received.

Allocation Method: Penalty monies received have been allocated to the following Statutory Programs to reduce assessments:

- Reliability Standards;
- Compliance Monitoring and Enforcement and Organization Registration and Certification;
- Reliability Assessment and Performance Analysis;
- Training and Outreach; and
- Situation Awareness and Infrastructure Security.

Penalty monies are allocated based on the number of FTEs in the functional areas divided by the aggregate total FTEs in the programs receiving the allocation.

Penalty Sanctions**Table B-2**

Penalty Sanctions Received on or Prior to June 30, 2018	
Date Received	Amount Received
7/5/2017	54,000
7/19/2017	9,000
7/24/2017	95,086
7/27/2017	26,000
8/4/2017	54,000
8/14/2017	74,000
9/6/2017	30,000
11/13/2017	55,000
1/17/2018	22,000
3/6/2018	84,600
5/30/2018	84,000
Total Penalties Received	587,686
Penalties Offset to Assessments	587,686

Other Revenue

Table B-3

Other Revenue Breakdown By Program (Excludes Assessments & Penalty Sanctions)		Budget 2018	Projection 2018	Budget 2019	Variance 2018 Budget v 2019 Budget
Reliability Standards					
Interest		\$ 2,199	\$ 8,017	\$ 3,429	\$ 1,230
Miscellaneous		-	-	-	-
Total		\$ 2,199	\$ 8,017	\$ 3,429	\$ 1,230
Compliance Monitoring, Enforcement & Org. Registration					
Workshops		\$ -	\$ -	\$ -	\$ -
Interest		43,256	158,922	68,571	25,315
Miscellaneous		-	-	-	-
Total		\$ 43,256	\$ 158,922	\$ 68,571	\$ 25,315
Reliability Assessment and Performance Analysis					
Interest		\$ 27,859	\$ 91,919	\$ 44,571	\$ 16,712
Miscellaneous		-	-	-	-
Total		\$ 27,859	\$ 91,919	\$ 44,571	\$ 16,712
Training and Outreach					
Workshops		\$ 540,050	\$ 373,062	\$ 424,500	\$ (115,550)
Interest		953	5,663	2,286	1,333
Miscellaneous		-	-	-	-
Total		\$ 541,003	\$ 378,725	\$ 426,786	\$ (114,217)
Situation Awareness and Infrastructure Security					
Interest		\$ 733	\$ 2,672	\$ 1,143	\$ 410
Miscellaneous		-	-	-	-
Total		\$ 733	\$ 2,672	\$ 1,143	\$ 410
Corporate Services					
Interest		\$ -	\$ -	\$ -	\$ -
Miscellaneous		-	-	-	-
Total		\$ -	\$ -	\$ -	\$ -
Total Outside Funding		\$ 615,050	\$ 640,255	\$ 544,500	\$ (70,550)

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

WECC anticipates its investments will earn interest of approximately \$120,000 in 2019. This revenue is allocated to the Statutory Programs based on FTEs.

Reliability Standards

- No significant changes.

Compliance Monitoring and Enforcement and Organization Registration and Certification

- No significant changes.

Training and Outreach

- Workshops revenue decreases by \$116,000 due to reductions in anticipated attendance at outreach events.

Situation Awareness and Infrastructure Security

- No significant changes.

Corporate Services

- Not applicable.

Personnel Expenses

Table B-4

Personnel Expenses	Budget 2018	Projection 2018	Budget 2019	Variance 2018 Budget v 2019 Budget	Variance %
Salaries					
Salaries	\$ 15,199,337	\$ 15,527,975	\$ 15,865,019	\$ 665,682	4.4%
Employment Agency Fees	-	145,500	-	-	
Temporary Office Services	-	-	-	-	
Total Salaries	\$ 15,199,337	\$ 15,673,475	\$ 15,865,019	\$ 665,682	4.4%
Total Payroll Taxes	\$ 1,089,355	\$ 995,682	\$ 1,037,394	\$ (51,961)	(4.8%)
Benefits					
Workers Compensation	\$ 20,004	\$ 14,033	\$ 14,800	\$ (5,204)	(26.0%)
Medical Insurance	1,826,810	1,901,351	1,826,239	(571)	(0.0%)
Life-LTD-STD Insurance	78,404	96,627	87,974	9,570	12.2%
Education	297,150	262,514	300,704	3,554	1.2%
Relocation	56,000	49,922	55,992	(8)	(0.0%)
Other	15,487	17,050	17,000	1,513	9.8%
Total Benefits	\$ 2,293,855	\$ 2,341,497	\$ 2,302,709	\$ 8,854	0.4%
Retirement					
Discretionary 401k Contribution	\$ 1,286,223	\$ 1,359,441	\$ 1,311,109	\$ 24,886	1.9%
Retirement Administration Fees	2,500	2,500	-	(2,500)	(100.0%)
Total Retirement	\$ 1,288,723	\$ 1,361,941	\$ 1,311,109	\$ 22,386	1.7%
Total Personnel Costs	\$ 19,871,270	\$ 20,372,595	\$ 20,516,231	\$ 644,961	3.2%
FTEs	143.0	137.4	143.0	0.0	0.0%
Cost per FTE					
Salaries	\$ 106,289	\$ 114,103	\$ 110,944	\$ 4,655	4.4%
Payroll Taxes	7,618	7,249	7,255	(363)	(4.8%)
Benefits	16,041	17,046	16,103	62	0.4%
Retirement	9,012	9,915	9,169	157	1.7%
Total Cost per FTE	\$ 138,960	\$ 148,312	\$ 143,470	\$ 4,510	3.2%

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

Salaries

- Salaries increase by a net of \$666,000 primarily due to a budgeted 3-percent merit pool, continued refinement of labor float percentages and changes in position levels.

Payroll Taxes

- Payroll Taxes decrease by \$52,000 primarily due to the refinement of budgeted payroll tax rates.

Benefits

- Life-LTD-STD Insurance increases by \$10,000 primarily due to the refinement of budgeted insurance rates.

Retirement

- Discretionary 401(k) Contribution increases by \$25,000 primarily due to increases in salaries and retirement plan participation.

Meeting Expenses

Table B-5

Meeting Expense	Budget 2018	Projection 2018	Budget 2019	Variance 2018 Budget v 2019 Budget	Variance %
Reliability Standards	\$ 520	\$ 260	\$ 260	\$ (260)	(50.0%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	5,400	9,138	4,910	(490)	(9.1%)
Reliability Assessment and Performance Analysis	126,812	87,506	128,110	1,298	1.0%
Training and Outreach	514,130	284,877	409,173	(104,957)	(20.4%)
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	108,923	157,109	98,500	(10,423)	(9.6%)
Total Meeting Expenses	\$ 755,785	\$ 538,890	\$ 640,953	\$ (114,832)	(15.2%)

Travel Expense	Budget 2018	Projection 2018	Budget 2019	Variance 2018 Budget v 2019 Budget	Variance %
Reliability Standards	\$ 20,200	\$ 20,311	\$ 18,290	\$ (1,910)	(9.5%)
Compliance Monitoring and Enforcement and Organization Registration and Certification	843,277	788,169	835,205	(8,072)	(1.0%)
Reliability Assessment and Performance Analysis	239,345	296,578	244,640	5,295	2.2%
Training and Outreach	10,315	5,463	10,603	288	2.8%
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	288,072	304,029	300,130	12,058	4.2%
Total Travel Expenses	\$ 1,401,209	\$ 1,414,550	\$ 1,408,868	\$ 7,659	0.5%

Conference Call Expense	Budget 2018	Projection 2018	Budget 2019	Variance 2018 Budget v 2019 Budget	Variance %
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	-	-	-	
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	75,000	53,527	57,600	(17,400)	(23.2%)
Total Conference Call Expenses	\$ 75,000	\$ 53,527	\$ 57,600	\$ (17,400)	(23.2%)

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

Meeting Expense

- Training and Outreach decreases by \$105,000 due to reductions in anticipated attendance at outreach events.
- Corporate Services decreases by a net of \$10,000 due to all Standing Committee meetings being held in Salt Lake City.

Travel Expense

- Corporate Services increases by \$12,000 due to increased travel requirements and attendance at off-site meetings.

Conference Call Expense

- Corporate Services decreases by \$17,000 to align budget with actual usage trends.

Consultants and Contracts

Table B-6

Consultants	Budget 2018	Projection 2018	Budget 2019	Variance 2018 Budget v 2019 Budget	Variance %
Consultants					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	-	200,000	-	-	
Reliability Assessment and Performance Analysis	1,185,000	1,228,828	590,000	(595,000)	(50.2%)
Training and Outreach	4,560	-	-	(4,560)	(100.0%)
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	411,500	481,336	441,000	29,500	7.2%
Consultants Total	\$ 1,601,060	\$ 1,910,164	\$ 1,031,000	\$ (570,060)	(35.6%)

Contracts	Budget 2018	Projection 2018	Budget 2019	Variance 2018 Budget v 2019 Budget	Variance %
Contracts					
Reliability Standards	\$ -	\$ -	\$ -	\$ -	
Compliance Monitoring and Enforcement and Organization Registration and Certification	397,221	362,348	261,890	(135,331)	(34.1%)
Reliability Assessment and Performance Analysis	-	-	-	-	
Training and Outreach	-	-	-	-	
Situation Awareness and Infrastructure Security	-	-	-	-	
Corporate Services	25,000	-	-	(25,000)	(100.0%)
Contracts Total	\$ 422,221	\$ 362,348	\$ 261,890	\$ (160,331)	(38.0%)
Total Consulting and Contracts	\$ 2,023,281	\$ 2,272,512	\$ 1,292,890	\$ (730,391)	(36.1%)

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

Consultants

- RAPA decreases by a net of \$595,000 primarily due to the completion of the Gas/Electric Interdependence Study.
- Corporate Services increases by a net of \$30,000 due to the following:
 - General and Administrative increases primarily due to organizational and leadership development consulting, and
 - Human Resources decreases primarily due to the completion of compensation consulting in 2018.

Contracts

- Compliance decreases by \$135,000 due to reduced reliance on contract labor and broadened staff skill sets.
- Corporate Services decreases by \$25,000 due to lower reliance on contract labor in lieu of staff for IT projects.

Office Rent**Table B-7**

Office Rent	Budget		Projection		Budget		Variance	Variance
	2018		2018		2019		2018 Budget v 2019 Budget	
Office Rent	\$	925,056	\$	948,181	\$	953,484	\$ 28,428	3.1%
Utilities		-		-		-	-	0.0%
Maintenance		19,405		14,703		19,425	20	0.1%
Security		-		-		-	-	0.0%
Total Office Rent	\$	944,461	\$	962,884	\$	972,909	\$ 28,448	3.0%

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

- Office Rent increases by \$28,000 due a new lease for the Vancouver, WA office and anticipated increases in operating expenses for the Salt Lake City office.

Office Costs

Table B-8

Office Costs	Budget		Projection		Variance	
	2018		2018	2019	2018 Budget v 2019 Budget	Variance %
Telephone	\$ 73,320	\$	67,938	\$ 57,316	\$ (16,004)	(21.8%)
Internet	71,120		82,114	69,252	(1,868)	(2.6%)
Office Supplies	104,540		101,660	129,751	25,211	24.1%
Computer Supplies and Maintenance	878,690		786,007	850,566	(28,124)	(3.2%)
Publications & Subscriptions	54,894		48,801	29,556	(25,338)	(46.2%)
Dues and Fees	277,243		254,745	280,438	3,195	1.2%
Postage	4,240		3,731	4,520	280	6.6%
Express Shipping	4,424		5,557	3,319	(1,105)	(25.0%)
Copying	10,903		18,804	23,837	12,934	118.6%
Bank Charges	60,279		59,557	57,275	(3,004)	(5.0%)
Taxes	58,975		49,101	51,849	(7,126)	(12.1%)
Total Office Costs	\$ 1,598,628	\$	1,478,015	\$ 1,557,679	\$ (40,949)	(2.6%)

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

- Telephone decreases by \$16,000 due to a renegotiated contract.
- Office Supplies increase by \$25,000 primarily due to the expansion of WECC's stakeholder recognition wall and updating WECC's corporate collateral.
- Computer Supplies and Maintenance decreases by a net of \$28,000 primarily due to a reduction in webCDMS fees and the replacement of some office furniture.
- Publications and Subscriptions decrease by \$25,000 due to the completion of a Human Resources compensation study.
- Copying increases by \$13,000 primarily due to the triennial refresh of WECC pamphlets and booklets.

Professional Services**Table B-9**

Professional Services	Variance					
	Budget 2018	Projection 2018	Budget 2019	2018 Budget v 2019 Budget	Variance %	
Board Director Fees	\$ 763,750	\$ 803,045	\$ 797,500	\$ 33,750	4.4%	
Outside Legal	16,200	17,221	9,000	(7,200)	(44.4%)	
Accounting & Auditing Fees	38,760	30,913	31,700	(7,060)	(18.2%)	
Insurance Commercial	85,000	70,187	70,080	(14,920)	(17.6%)	
Total Services	\$ 903,710	\$ 921,366	\$ 908,280	\$ 4,570	0.5%	

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

- Board Director Fees increase by \$34,000 due to increases in Board Director retainer compensation.
- Insurance Commercial decreases by \$15,000 based on estimates derived from current premiums.

Miscellaneous Expenses**Table B-10**

Miscellaneous Expenses	Budget		Projection		Budget		Variance	
	2018		2018		2019		2018 Budget v	Variance
							2019 Budget	%
Miscellaneous	\$	-	\$	-	\$	-	\$	-
Total Miscellaneous Expenses	\$	-	\$	-	\$	-	\$	-

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

- Not applicable.

Other Non-Operating**Table B-11**

Other Non-Operating Expenses	Variance				
	Budget 2018	Projection 2018	Budget 2019	2018 Budget v 2019 Budget	Variance %
Interest Expense	\$ -	\$ -	\$ -	\$ -	
Line of Credit Payment	-	-	-	-	
Office Relocation	-	45,000	-	-	
Total Non-Operating Expenses	\$ -	\$ 45,000	\$ -	\$ -	(100.0%)

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

- Not applicable.

Fixed Assets**Table B-12**

Fixed Assets	Budget		Projection		Variance	
	2018		2018	2019	2018 Budget v 2019 Budget	Variance %
Computer & Software CapEx	\$ 50,000	\$	50,000	\$ 5,000	\$ (45,000)	(90.0%)
Furniture & Fixtures CapEx	-		-	-	-	
Equipment CapEx	12,000		12,000	105,000	93,000	775.0%
Leasehold Improvements	-		-	12,000	12,000	
	\$ 62,000	\$	62,000	\$ 122,000	\$ 60,000	96.8%

Explanation of Significant Variances – 2019 Budget versus 2018 Budget

- Computer and Software CapEx decreases by \$45,000 due to one-time software purchases in 2018 that were not replaced with additional tools in 2019.
- Equipment CapEx increases by \$93,000 primarily due to planned refreshes of file servers and storage area networks.
- Leasehold Improvements increase by \$12,000 due to necessary maintenance-related updates to the Salt Lake City office space.

Section C

Non-Statutory Program

2019 Business Plan and Budget

Section C — Non-Statutory Program

Western Renewable Energy Generation Information System (in whole dollars)			
	2018 Budget	2019 Budget	Increase (Decrease)
Total FTEs	6.0	6.0	-
Direct Expenses	\$ 1,228,780	\$ 1,248,601	\$ 19,821
Indirect Expenses	\$ 545,300	\$ 532,909	\$ (12,391)
Inc(Dec) in Fixed Assets	\$ (7,301)	\$ (6,065)	\$ 1,236
Total Funding Requirement	\$ 32,536	\$ 352,326	\$ 319,790

Western Renewable Energy Generation Information System (WREGIS)

WREGIS is an independent, renewable energy database for the Western Interconnection. WREGIS creates renewable energy certificates (REC) for verifiable renewable generation from units that are registered in the database.

WREGIS was developed through a collaborative process between the Western Governors' Association, the Western Regional Air Partnership, and the California Energy Commission (CEC). This development was further guided by stakeholder input from more than 400 participants over a period greater than three years.

The program's governance was integrated into WECC on March 31, 2012 following the expiration of WECC's contract that had previously provided for backstop funding from the CEC. WREGIS is overseen by a WECC Member Committee consisting of representatives from the WECC membership and various WREGIS stakeholder groups.

WREGIS costs fall outside Section 215 of the Federal Power Act. Participants fund WREGIS through registration and transaction fees. To avoid any crossover of Section 215 dollars, WREGIS pays a portion of WECC's overhead costs based on a formula implemented following a FERC audit.

WREGIS consists of two parts: 1) the information system software, and 2) the administrative operations. The WREGIS staff oversees the software contractor and performs all the administrative tasks required to operate the program including:

- registering account holders and generation units;
- training WREGIS users;
- auditing generation and other data; and
- managing the budgeting, billing, and financial reporting.

Major 2019 Assumptions and Cost Impacts

WREGIS is funded entirely by user fees and is not subsidized by Section 215 funding. There are several types of user fees. Annual fees are paid by all users and are based on size (generation capacity) and user type. Usage fees are paid by all but micro, small, and medium generation owners (as defined by

the WREGIS fee matrix). WREGIS also charges various fees for specific usage to only those requesting the services.

- User fees are based on size (generation capacity) and user type.
 - Approximately 4 percent of revenues are based on size.
 - Approximately 92 percent of revenues are based on usage levels, which can depend on factors such as weather (wind and solar generation levels) and state regulatory policies (retirement, transfers, etc.).
 - Approximately 4 percent of revenues are attributable to fees for specific, requested functions such as tracking e-Tags.
- Revenues can vary greatly from year to year; WECC holds large WREGIS reserves to allow for normal operations during years in which fee levels are low and to fund large, non-recurring expenditures such as major software upgrades.

2019 Goals and Key Deliverables

- Implement the WREGIS program as required by the participating states, provinces, and voluntary programs.
- Register program participants, whether mandatory or voluntary.
- Refine the WREGIS software to ensure optimum performance both in terms of efficiency and ease of use for account holders.
- Refine and improve data collection to ensure high-quality data.
- Keep abreast of possible needs to increase WREGIS's functionality.

Resource Requirements/Explanation of Significant Changes

Funding Sources (other than ERO Assessments)

- Membership Fees increase by \$314,000 due to anticipated increases in account holders and certificate volumes.
- Interest increases by \$15,000 due to anticipated increases in rate of return on reserves.

Personnel Expenses

- No significant changes.

Meeting Expenses

- No significant changes.

Operating Expenses

- Office Costs increase by \$18,000 mainly due to anticipated increases in monthly WREGIS fees and updates to the WREGIS system.

Indirect Expenses

- Indirect Expenses are allocated to statutory and non-statutory program areas based on FTEs.

Other Non-Operating Expenses

- No significant changes.

WREGIS Program Funding Sources and Expenditures

Statement of Activities, Fixed Assets Expenditures, and Change in Working Capital					
2018 Budget & Projection, and 2019 Budget					
NON-STATUTORY					
	2018 Budget	2018 Projection	Variance 2018 Budget v 2018 Projection Over(Under)	2019 Budget	Variance 2019 Budget v 2018 Budget Inc(Dec)
Revenue					
Statutory Funding					
WECC Assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Sanctions	-	-	-	-	-
Total Statutory Funding	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Membership Fees	\$ 1,745,360	\$ 2,104,661	\$ 359,301	2,058,996	\$ 313,636
Services & Software	-	-	-	-	-
Workshops	1,875	1,725	(150)	1,875	-
Interest	52,080	74,695	22,615	66,900	14,820
Miscellaneous	-	-	-	-	-
Total Revenue (A)	<u>\$ 1,799,315</u>	<u>\$ 2,181,081</u>	<u>\$ 381,766</u>	<u>\$ 2,127,771</u>	<u>\$ 328,456</u>
Expenses					
Personnel Expenses					
Salaries	\$ 478,621	\$ 487,859	\$ 9,238	\$ 477,082	\$ (1,539)
Payroll Taxes	36,772	34,167	(2,605)	32,879	(3,893)
Benefits	73,381	64,424	(8,957)	83,974	10,593
Retirement Costs	40,478	41,558	1,080	39,420	(1,058)
Total Personnel Expenses	<u>\$ 629,252</u>	<u>\$ 628,008</u>	<u>\$ (1,244)</u>	<u>\$ 633,355</u>	<u>\$ 4,103</u>
Meeting Expenses					
Meetings	\$ 3,000	\$ 2,540	\$ (460)	\$ 3,813	\$ 813
Travel	18,880	16,021	(2,859)	17,265	(1,615)
Conference Calls	-	-	-	-	-
Total Meeting Expenses	<u>\$ 21,880</u>	<u>\$ 18,561</u>	<u>\$ (3,319)</u>	<u>\$ 21,078</u>	<u>\$ (802)</u>
Operating Expenses					
Consultants & Contracts	\$ 1,800	\$ 2,000	\$ 200	\$ -	\$ (1,800)
Office Rent	-	-	-	-	-
Office Costs	575,848	541,737	(34,111)	594,168	18,320
Professional Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Depreciation	-	-	-	-	-
Total Operating Expenses	<u>\$ 577,648</u>	<u>\$ 543,737</u>	<u>\$ (33,911)</u>	<u>\$ 594,168</u>	<u>\$ 16,520</u>
Total Direct Expenses	<u>\$ 1,228,780</u>	<u>\$ 1,190,306</u>	<u>\$ (38,474)</u>	<u>\$ 1,248,601</u>	<u>\$ 19,821</u>
Indirect Expenses	<u>\$ 545,300</u>	<u>\$ 526,294</u>	<u>\$ (19,006)</u>	<u>\$ 532,909</u>	<u>\$ (12,391)</u>
Other Non-Operating Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenses (B)	<u>\$ 1,774,080</u>	<u>\$ 1,716,600</u>	<u>\$ (12,480)</u>	<u>\$ 1,781,510</u>	<u>\$ 7,430</u>
Change in Assets	<u>\$ 25,235</u>	<u>\$ 464,481</u>	<u>\$ 394,246</u>	<u>\$ 346,261</u>	<u>\$ 321,026</u>
Fixed Assets					
Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -
Computer & Software CapEx	-	-	-	-	-
Furniture & Fixtures CapEx	-	-	-	-	-
Equipment CapEx	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-
Allocation of Fixed Assets	(7,301)	(7,582)	(281)	(6,065)	1,236
Incr(Dec) in Fixed Assets (C)	<u>\$ (7,301)</u>	<u>\$ (7,582)</u>	<u>\$ (281)</u>	<u>\$ (6,065)</u>	<u>\$ 1,236</u>
TOTAL BUDGET (=B+C)	<u>\$ 1,766,779</u>	<u>\$ 1,709,018</u>	<u>\$ (12,761)</u>	<u>\$ 1,775,445</u>	<u>\$ 8,666</u>
TOTAL CHANGE IN WORKING CAPITAL (=A-B-C)	<u>\$ 32,536</u>	<u>\$ 472,063</u>	<u>\$ 394,527</u>	<u>\$ 352,326</u>	<u>\$ 319,790</u>
FTEs	6.0	6.0	-	6.0	-
HC	6.0	6.0	-	6.0	-

Personnel Analysis

FTEs are defined as full-time equivalent employees only. Fractional FTEs reflect part-time employees or employees who worked in fewer than all four quarters of the year.

Total FTEs by Program Area	Budget 2018	Projection 2018	Direct FTEs 2019 Budget	Shared FTEs* 2019 Budget	Total FTEs 2019 Budget	Change from 2018 Budget
NON-STATUTORY						
Operational Programs						
Total FTEs Operational Programs	0.0	0.0	0.0	0.0	0.0	0.0
Administrative Programs						
WREGIS	6.0	6.0	6.0	0.0	6.0	0.0
Total FTEs Administrative Programs	6.0	6.0	6.0	0.0	6.0	0.0
Total FTEs	6.0	6.0	6.0	0.0	6.0	0.0

*A shared FTE is defined as an employee who performs both Statutory and Non-Statutory functions.

Reserve Analysis

Working Capital Reserve Analysis	
NON-STATUTORY	
Beginning Working Capital Reserve (Deficit), December 31, 2017	\$ 6,452,646
Plus: 2018 Funding	2,181,081
Plus: 2018 Other funding sources	
Less: 2018 Projected expenses & capital expenditures	(1,709,018)
Projected Working Capital Reserve (Deficit), December 31, 2018	<u>\$ 6,924,709</u>
Projected Working Capital Reserve, December 31, 2019	7,277,035
Less: Projected Working Capital Reserve, December 31, 2018	(6,924,709)
2019 Reserve Increase (Decrease)	<u>\$ 352,326</u>

Section D

Additional Financial Information

2019 Business Plan and Budget

Section D – Additional Financial Information

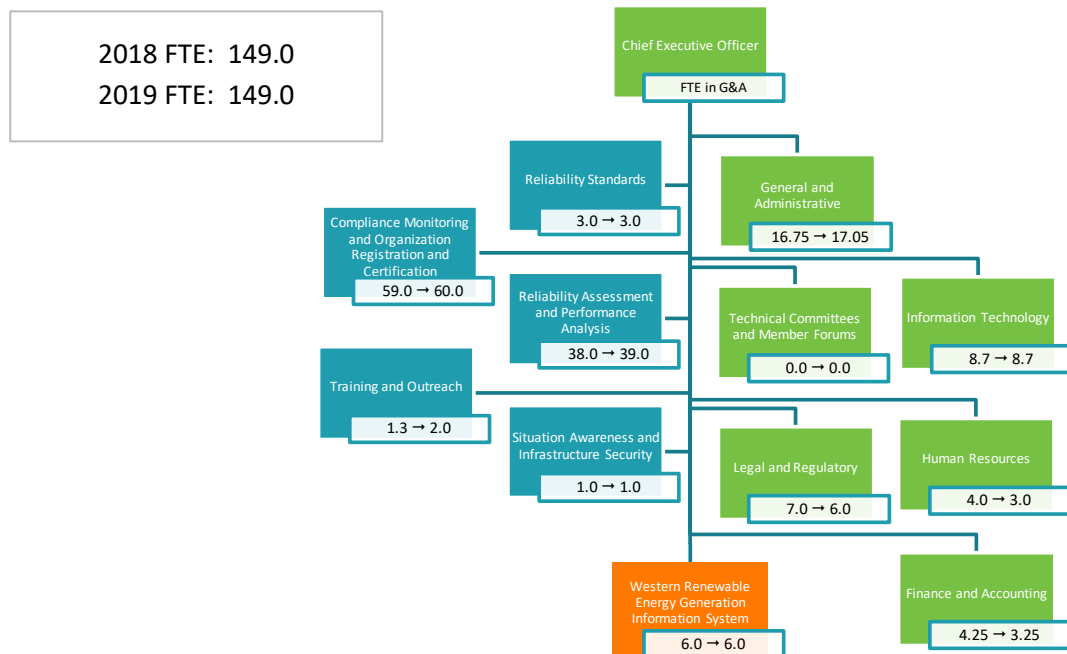
2019 Consolidated Statement of Activities by Program, Statutory, and Non-Statutory

Statement of Activities and Capital Expenditures by Program	Total	Statutory Total	Non-Statutory Total	Statutory Functions							Non-Statutory Functions	
				Statutory Total	Reliability Standards	Compliance and Organization Registration and Certification	Reliability Assessment and Performance Analysis	Training and Outreach	Situation Awareness and Infrastructure Security	Corporate Services	Non-Statutory Total	WREGIS
Revenue												
Statutory Funding												
WECC Assessments	\$ 25,282,000	\$ 25,282,000	\$ -	\$ 25,282,000	\$ 771,224	\$ 14,264,214	\$ 9,560,414	\$ 481,798	\$ 204,350	\$ -	\$ -	\$ -
Penalty Sanctions	587,686	587,686	-	587,686	16,791	335,821	218,283	11,194	5,597	-	-	-
Total Statutory Funding	\$ 25,869,686	\$ 25,869,686	\$ -	\$ 25,869,686	\$ 788,015	\$ 14,600,035	\$ 9,778,697	\$ 492,992	\$ 209,947	\$ -	\$ -	\$ -
Non-statutory Funding	\$ 2,058,996	\$ -	\$ 2,058,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,058,996	\$ 2,058,996
Workshops	426,375	424,500	1,875	424,500	-	-	-	424,500	-	-	1,875	1,875
Interest	186,900	120,000	66,900	120,000	3,429	68,571	44,571	2,286	1,143	-	66,900	66,900
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (A)	\$ 28,541,957	\$ 26,414,186	\$ 2,127,771	\$ 26,414,186	\$ 791,444	\$ 14,668,606	\$ 9,823,268	\$ 919,778	\$ 211,090	\$ -	\$ 2,127,771	\$ 2,127,771
Expenses												
Personnel Expenses												
Salaries	\$ 16,342,100	\$ 15,865,018	\$ 477,082	\$ 15,865,018	\$ 423,024	\$ 6,521,216	\$ 4,278,285	\$ 254,696	\$ 100,159	\$ 4,287,638	\$ 477,082	\$ 477,082
Payroll Taxes	1,070,272	1,037,393	32,879	1,037,393	26,828	449,911	294,608	18,305	7,516	240,225	32,879	32,879
Benefits	2,386,684	2,302,710	83,974	2,302,710	37,174	789,012	494,397	29,484	11,620	941,023	83,974	83,974
Retirement Costs	1,350,530	1,311,110	39,420	1,311,110	34,984	538,748	353,659	21,064	8,274	354,381	39,420	39,420
Total Personnel Expenses	\$ 21,149,586	\$ 20,516,231	\$ 633,355	\$ 20,516,231	\$ 522,010	\$ 8,298,887	\$ 5,420,949	\$ 323,549	\$ 127,569	\$ 5,823,267	\$ 633,355	\$ 633,355
Meeting Expenses												
Meetings	\$ 644,766	\$ 640,953	\$ 3,813	\$ 640,953	\$ 260	\$ 4,910	\$ 128,110	\$ 409,173	\$ -	\$ 98,500	\$ 3,813	\$ 3,813
Travel	1,426,133	1,408,868	17,265	1,408,868	18,290	835,205	244,640	10,603	-	300,130	17,265	17,265
Conference Calls	57,600	57,600	-	57,600	-	-	-	-	-	57,600	-	-
Total Meeting Expenses	\$ 2,128,499	\$ 2,107,421	\$ 21,078	\$ 2,107,421	\$ 18,550	\$ 840,115	\$ 372,750	\$ 419,776	\$ -	\$ 456,230	\$ 21,078	\$ 21,078
Operating Expenses												
Consultants & Contracts	\$ 1,292,890	\$ 1,292,890	\$ -	\$ 1,292,890	\$ -	\$ 261,890	\$ 590,000	\$ -	\$ -	\$ 441,000	\$ -	\$ -
Office Rent	972,909	972,909	-	972,909	-	-	-	-	-	972,909	-	-
Office Costs	2,151,847	1,557,679	594,168	1,557,679	3,535	297,150	214,564	19,517	-	1,022,913	594,168	594,168
Professional Services	908,280	908,280	-	908,280	-	-	-	-	-	908,280	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	238,545	238,545	-	238,545	-	-	4,336	-	-	234,209	-	-
Total Operating Expenses	\$ 5,564,471	\$ 4,970,303	\$ 594,168	\$ 4,970,303	\$ 3,535	\$ 559,040	\$ 808,900	\$ 19,517	\$ -	\$ 3,579,311	\$ 594,168	\$ 594,168
Total Direct Expenses	\$ 28,842,556	\$ 27,593,955	\$ 1,248,601	\$ 27,593,955	\$ 544,095	\$ 9,698,042	\$ 6,602,599	\$ 762,842	\$ 127,569	\$ 9,858,808	\$ 1,248,601	\$ 1,248,601
Indirect Expenses	\$ -	\$ (532,909)	\$ 532,909	\$ (532,909)	\$ 266,454	\$ 5,329,085	\$ 3,463,906	\$ 177,636	\$ 88,818	\$ (9,858,808)	\$ 532,909	\$ 532,909
Other Non-Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expenses (B)	\$ 28,842,556	\$ 27,061,046	\$ 1,781,510	\$ 27,061,046	\$ 810,549	\$ 15,027,127	\$ 10,066,505	\$ 940,478	\$ 216,387	\$ -	\$ 1,781,510	\$ 1,781,510
Change in Assets	\$ (300,599)	\$ (646,860)	\$ 346,261	\$ (646,860)	\$ (19,105)	\$ (358,521)	\$ (243,237)	\$ (20,700)	\$ (5,297)	\$ -	\$ 346,261	\$ 346,261
Fixed Assets												
Depreciation	\$ (238,545)	\$ (238,545)	\$ -	\$ (238,545)	\$ -	\$ -	\$ (4,336)	\$ -	\$ -	\$ (234,209)	\$ -	\$ -
Computer & Software CapEx	5,000	5,000	-	5,000	-	-	-	-	-	5,000	-	-
Furniture & Fixtures CapEx	-	-	-	-	-	-	-	-	-	-	-	-
Equipment CapEx	105,000	105,000	-	105,000	-	-	-	-	-	105,000	-	-
Leasehold Improvements	12,000	12,000	-	12,000	-	-	-	-	-	12,000	-	-
Allocation of Fixed Assets	-	6,065	(6,065)	6,065	(3,033)	(60,653)	(39,425)	(2,022)	(1,011)	112,209	(6,065)	(6,065)
Inc(Dec) in Fixed Assets (C)	\$ (116,545)	\$ (110,480)	\$ (6,065)	\$ (110,480)	\$ (3,033)	\$ (60,653)	\$ (43,761)	\$ (2,022)	\$ (1,011)	\$ -	\$ (6,065)	\$ (6,065)
TOTAL BUDGET (B+C)	\$ 28,726,011	\$ 26,950,566	\$ 1,775,445	\$ 26,950,566	\$ 807,516	\$ 14,966,474	\$ 10,022,744	\$ 938,456	\$ 215,376	\$ -	\$ 1,775,445	\$ 1,775,445
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (184,054)	\$ (536,380)	\$ 352,326	\$ (536,380)	\$ (16,072)	\$ (297,868)	\$ (199,476)	\$ (18,678)	\$ (4,286)	\$ -	\$ 352,326	\$ 352,326
FTEs	149.0	143.0	6.0	143.0	3.0	60.0	39.0	2.0	1.0	38.0	6.0	6.0
HC	149.0	143.0	6.0	143.0	3.0	60.0	40.0	2.0	-	38.0	6.0	6.0

Statement of Financial Position

Statement of Financial Position			
2017 Audited, 2018 Projection, and 2019 Budget			
STATUTORY and NON-STATUTORY			
	(Per Audit) 31-Dec-17	Projected 31-Dec-18	Budget 31-Dec-19
ASSETS			
Cash and cash equivalents	\$ 27,948,465	\$ 22,075,362	\$ 21,991,907
Investments	9,032,312	8,400,000	8,215,946
Accounts receivable, net	3,072,468	1,250,000	1,250,000
Prepaid expenses and other assets	638,958	500,000	500,000
Property and equipment, net	540,352	378,100	261,555
Total Assets	\$ 41,232,555	\$ 32,603,462	\$ 32,219,408
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 9,920,746	\$ 1,250,000	\$ 1,250,000
Accrued expenses	1,829,711	1,750,000	1,750,000
Deferred revenue	16,440,418	15,400,000	15,400,000
Other liabilities	629,907	900,000	700,000
Total Liabilities	\$ 28,820,782	\$ 19,300,000	\$ 19,100,000
Unrestricted net assets	12,411,773	13,303,462	13,119,408
Total Liabilities and Net Assets	\$ 41,232,555	\$ 32,603,462	\$ 32,219,408

Appendix A: Organizational Chart - Changes in Budgeted FTE by Program Area



- Statutory Program Area
- Corporate Services Program Area
- Non-statutory Program Area

Appendix B: 2019 Budget & Projected 2020 and 2021 Budgets

Key Assumptions

Assessments

- A 1-percent increase per WECC's assessment stabilization initiative.

Personnel Expenses

- A 3-percent average merit increase in Salaries.
- A 3-percent increase in Payroll Taxes and Retirements Costs.
- A 4-percent increase in Benefits premiums.

Meeting Expenses

- Travel and Meeting Expenses will be impacted by Standing Committee meeting locations. Standing Committee meetings will be held outside of Salt Lake City in even-numbered years and in Salt Lake City in odd-numbered years.
- All other Travel, Meeting and Conference Call Expenses are assumed to remain at 2019 budgeted levels.

Operating Expenses

- A net increase in Consultants and Contracts of \$195,000 in 2020 due to one-time RAPA consulting projects budgeted in 2020, reduced use of contractors in the CMEP, reduced use of organizational and leadership consultants and the addition of new 2019 one-time projects. Consultants used for ongoing studies and assessments remain at current levels.
- An increase in office rent in 2020 due to the renegotiation and renewal of WECC's Salt Lake City office lease.

Appendix B – 2019 Budget & Projected 2020 and 2021 Budgets

Statement of Activities and Capital Expenditures							
2019 Budget & Projected 2020 and 2021 Budgets							
Statutory							
	2019 Budget	2020 Projection	\$ Change 19 v 20	% Change 19 v 20	2021 Projection	\$ Change 20 v 21	% Change 20 v 21
Revenue							
Statutory Funding							
WECC Assessments	\$ 25,282,000	\$ 25,534,820	\$ 252,820	1.0%	\$ 25,790,168	\$ 255,348	1.0%
Penalty Sanctions	587,686	-	(587,686)	(100.0%)	-	-	
Total Statutory Funding	\$ 25,869,686	\$ 25,534,820	\$ (334,866)	(1.3%)	\$ 25,790,168	\$ 255,348	1.0%
Membership Fees	\$ -	\$ -	\$ -		\$ -	\$ -	
Workshops	424,500	428,745	4,245	1.0%	433,032	4,287	1.0%
Interest	120,000	120,000	-	0.0%	120,000	-	0.0%
Miscellaneous	-	-	-		-	-	
Total Revenue (A)	\$ 26,414,186	\$ 26,083,565	\$ (330,621)	(1.3%)	\$ 26,343,201	\$ 259,636	1.0%
Expenses							
Personnel Expenses							
Salaries	\$ 15,865,018	\$ 16,340,969	\$ 475,951	3.0%	\$ 16,831,198	\$ 490,229	3.0%
Payroll Taxes	1,037,393	1,068,515	31,122	3.0%	1,100,570	32,055	3.0%
Benefits	2,302,710	2,394,818	92,108	4.0%	2,490,611	95,793	4.0%
Retirement Costs	1,311,110	1,350,443	39,333	3.0%	1,390,957	40,513	3.0%
Total Personnel Expenses	\$ 20,516,231	\$ 21,154,745	\$ 638,514	3.1%	\$ 21,813,336	\$ 658,591	3.1%
Meeting Expenses							
Meetings	\$ 640,953	\$ 670,953	\$ 30,000	4.7%	\$ 645,953	\$ (25,000)	(3.7%)
Travel	1,408,868	1,428,868	20,000	1.4%	1,408,868	(20,000)	(1.4%)
Conference Calls	57,600	57,600	-	0.0%	57,600	-	0.0%
Total Meeting Expenses	\$ 2,107,421	\$ 2,157,421	\$ 50,000	2.4%	\$ 2,112,421	\$ (45,000)	(2.1%)
Operating Expenses							
Consultants & Contracts	\$ 1,292,890	\$ 1,487,890	\$ 195,000	15.1%	\$ 1,042,890	\$ (445,000)	(29.9%)
Office Rent	972,909	1,100,000	127,091	13.1%	1,100,000	-	0.0%
Office Costs	1,557,679	1,573,256	15,577	1.0%	1,588,988	15,733	1.0%
Professional Services	908,280	908,280	-	0.0%	908,280	-	0.0%
Miscellaneous	-	-	-		-	-	
Depreciation	238,545	200,000	(38,545)	(16.2%)	175,000	(25,000)	(12.5%)
Total Operating Expenses	\$ 4,970,303	\$ 5,269,426	\$ 299,123	6.0%	\$ 4,815,158	\$ (454,267)	(8.6%)
Total Direct Expenses	\$ 27,593,955	\$ 28,581,592	\$ 987,637	3.6%	\$ 28,740,915	\$ 159,323	0.6%
Indirect Expenses	\$ (532,909)	\$ (532,909)	\$ -	0.0%	\$ (532,909)	\$ -	0.0%
Other Non-Operating Expenses	\$ -	\$ -	\$ -		\$ -	\$ -	
Total Expenses (B)	\$ 27,061,046	\$ 28,048,683	\$ 987,637	3.6%	\$ 28,208,006	\$ 159,323	0.6%
Change in Assets	\$ (646,860)	\$ (1,965,118)	\$ (1,318,258)	203.8%	\$ (1,864,805)	\$ 100,313	(5.1%)
Fixed Assets							
Depreciation	\$ (238,545)	\$ (200,000)	\$ 38,545	(16.2%)	\$ (175,000)	\$ 25,000	(12.5%)
Computer & Software CapEx	5,000	-	(5,000)	(100.0%)	-	-	
Furniture & Fixtures CapEx	-	-	-		-	-	
Equipment CapEx	105,000	-	(105,000)	(100.0%)	-	-	
Leasehold Improvements	12,000	-	(12,000)	(100.0%)	-	-	
Allocation of Fixed Assets	6,065	-	(6,065)	(100.0%)	-	-	
Incr(Dec) in Fixed Assets (C)	\$ (110,480)	\$ (200,000)	\$ (89,520)	81.0%	\$ (175,000)	\$ 25,000	(12.5%)
TOTAL BUDGET (B+C)	\$ 26,950,566	\$ 27,848,683	\$ 898,117	3.3%	\$ 28,033,006	\$ 184,323	0.7%
TOTAL CHANGE IN WORKING CAPITAL (A-B-C)	\$ (536,380)	\$ (1,765,118)	\$ (1,228,738)	(100.0%)	\$ (1,689,805)	\$ 75,313	(4.3%)
FTEs	143.0	143.0	-	0.0%	143.0	-	0.0%
HC	143.0	143.0	-	0.0%	143.0	-	0.0%

Appendix C: Adjustment to the Alberta Electric System Operator (AESO) Assessment

Adjustment to the AESO Assessments		
Credit for WECC Compliance Costs		
	2018 Compliance Budget AESO NEL Allocation	2019 Compliance Budget AESO NEL Allocation
WECC Compliance Costs		
Direct Costs less Direct Revenue	\$ 9,310,101	\$ 9,629,471
Indirect Costs	5,362,114	5,329,085
Fixed Asset Expenditures	(71,794)	(60,653)
Total Net Costs, including Fixed Assets	\$ 14,600,421	\$ 14,897,903
Net total to be allocated	\$ 14,600,421	\$ 14,897,903
AESO NEL Share (2016 & 2017)	6.892%	7.173%
AESO Proportional Share of Compliance Costs, including Fixed Assets	\$ 1,006,327	\$ 1,068,692
% Credit (56.54 of 59 FTE for 2018; 58 of 60 FTE for 2019)	95.83%	96.67%
AESO Credit for Compliance Costs	\$ 964,368	\$ 1,033,069

Appendix D: Statutory and Non-Statutory Budget History Charts

